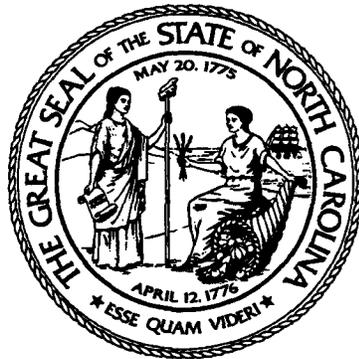
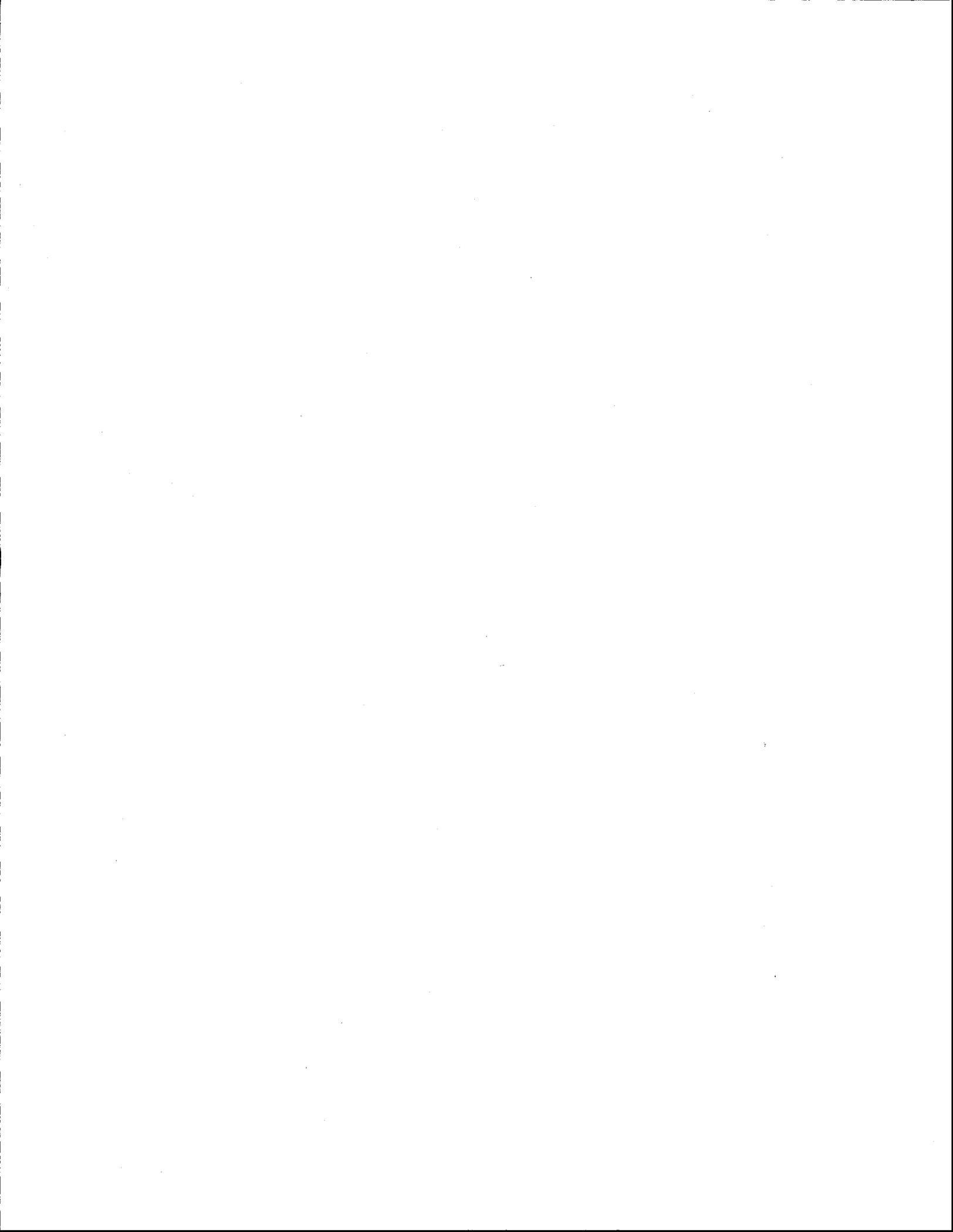


LEGISLATIVE RESEARCH COMMISSION

COOPERATIVE EXTENSION SERVICE COMMITTEE



REPORT TO THE
1998 SESSION OF THE
1997 GENERAL ASSEMBLY
OF NORTH CAROLINA



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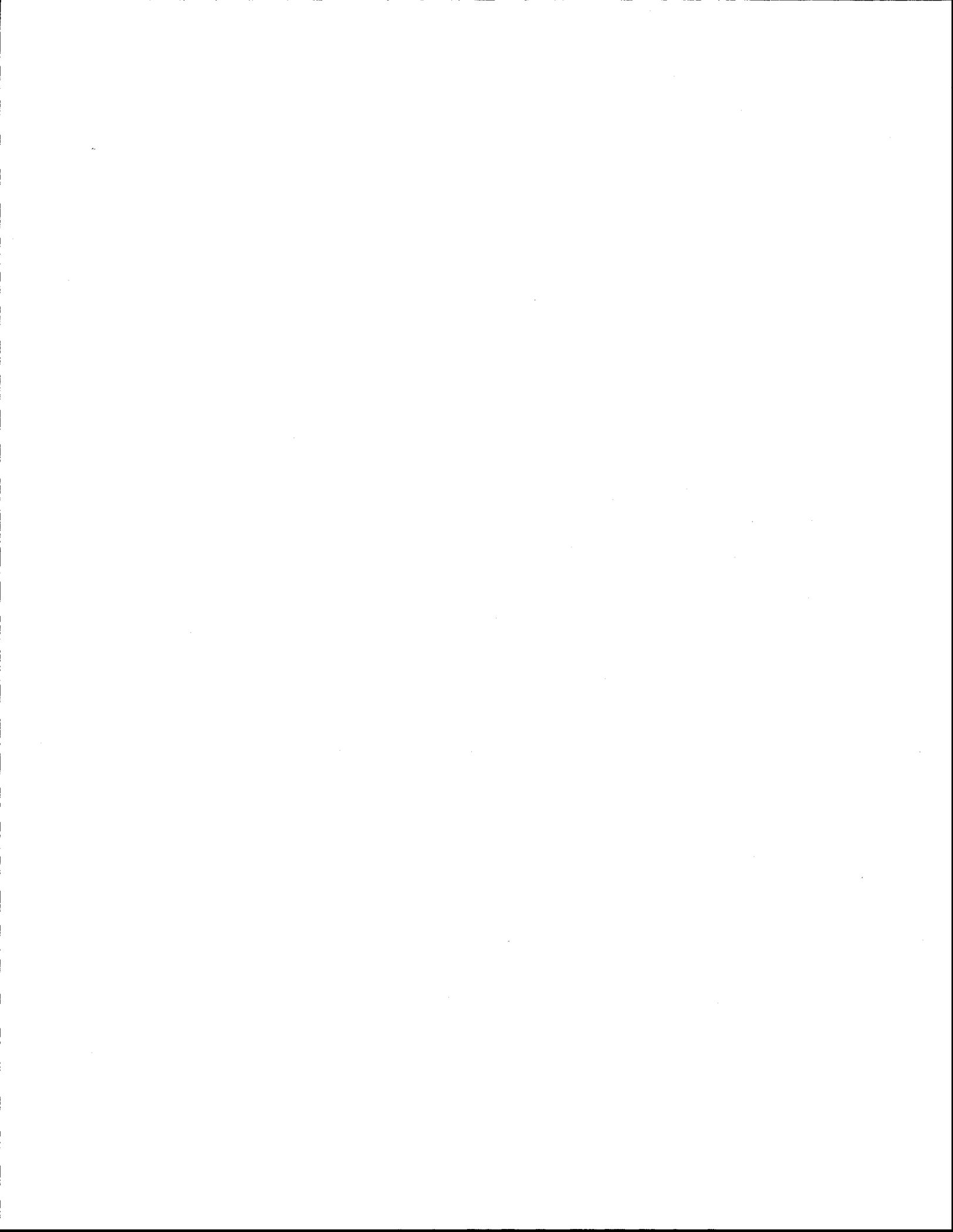


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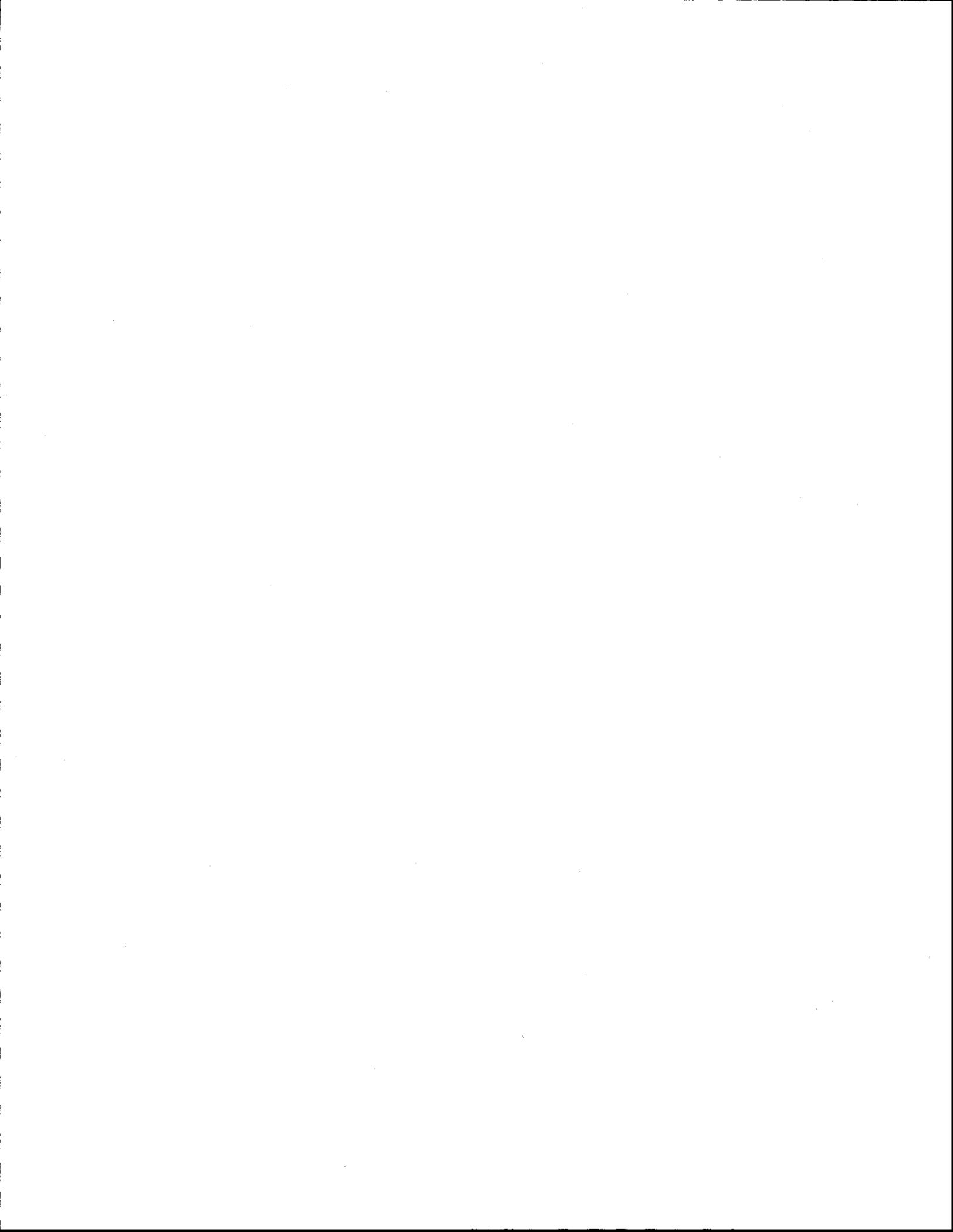
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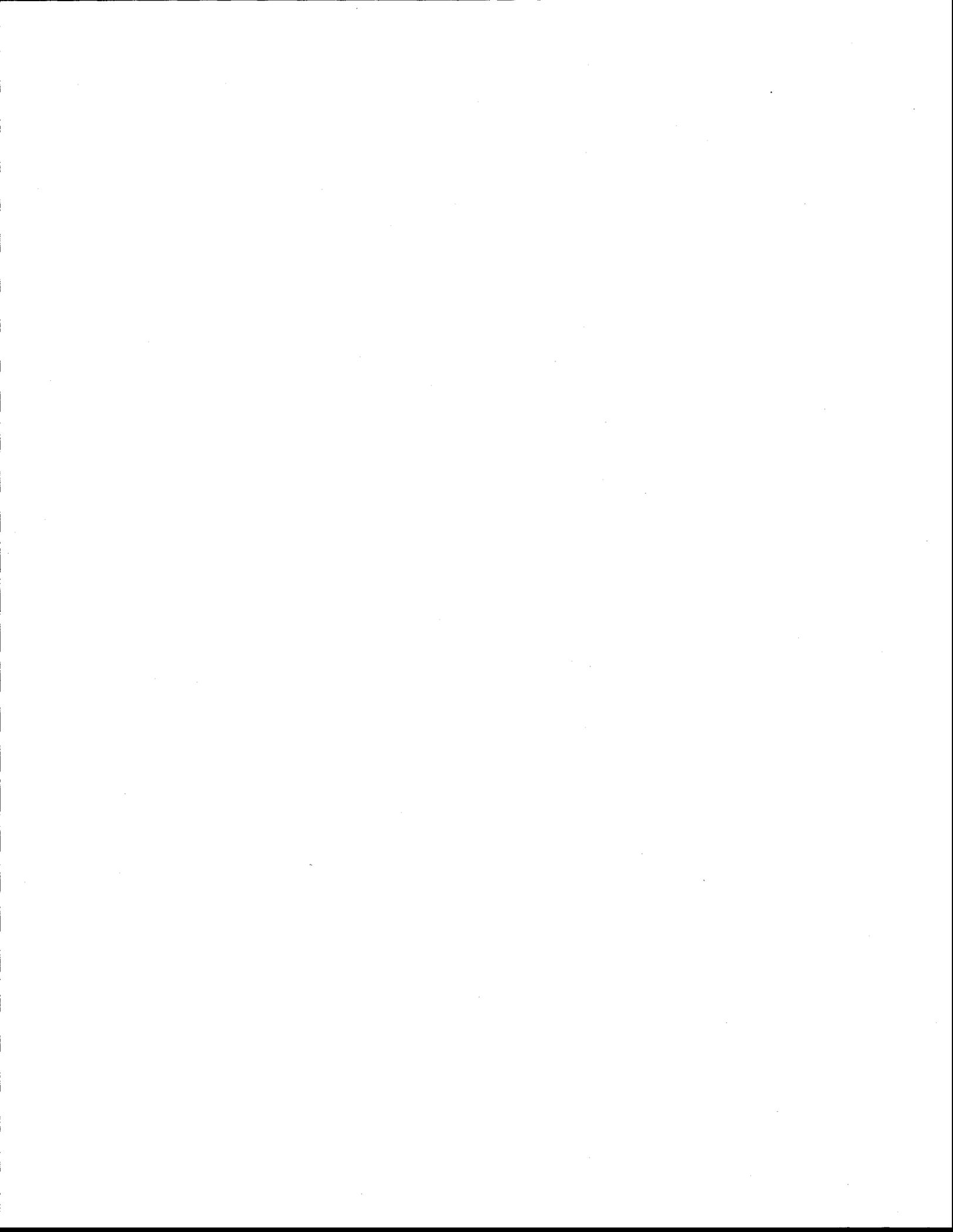
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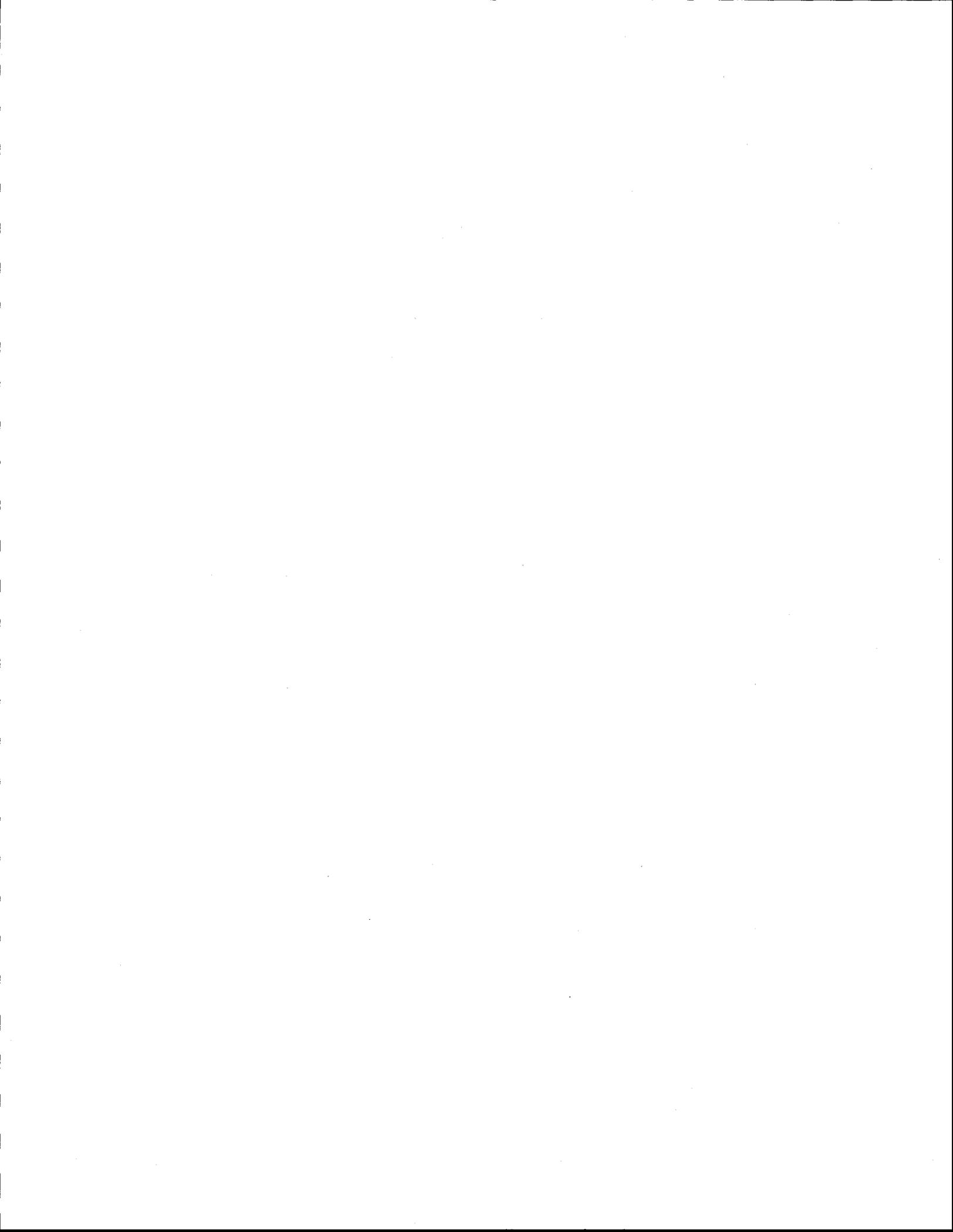
RELEVANT PORTIONS OF THE 1997 STUDIES BILL, CHAPTER 483
OF THE 1997 SESSION LAWS (FIRST SESSION, 1997) [OR THE
1997 STUDIES BILL, AND, IF APPLICABLE, HOUSE OR SENATE
BILL [#] OF THE 1997-1998 SESSION A

MEMBERSHIP OF THE LRC COOPERATIVE EXTENSION
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HISTORICAL/FISCAL INFORMATION ON THE
NORTH CAROLINA COOPERATIVE EXTENSION SERVICE C







STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27611



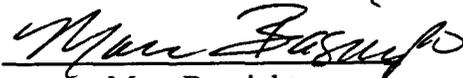
May 11, 1998

TO THE MEMBERS OF THE 1997 GENERAL ASSEMBLY (REGULAR SESSION 1998):

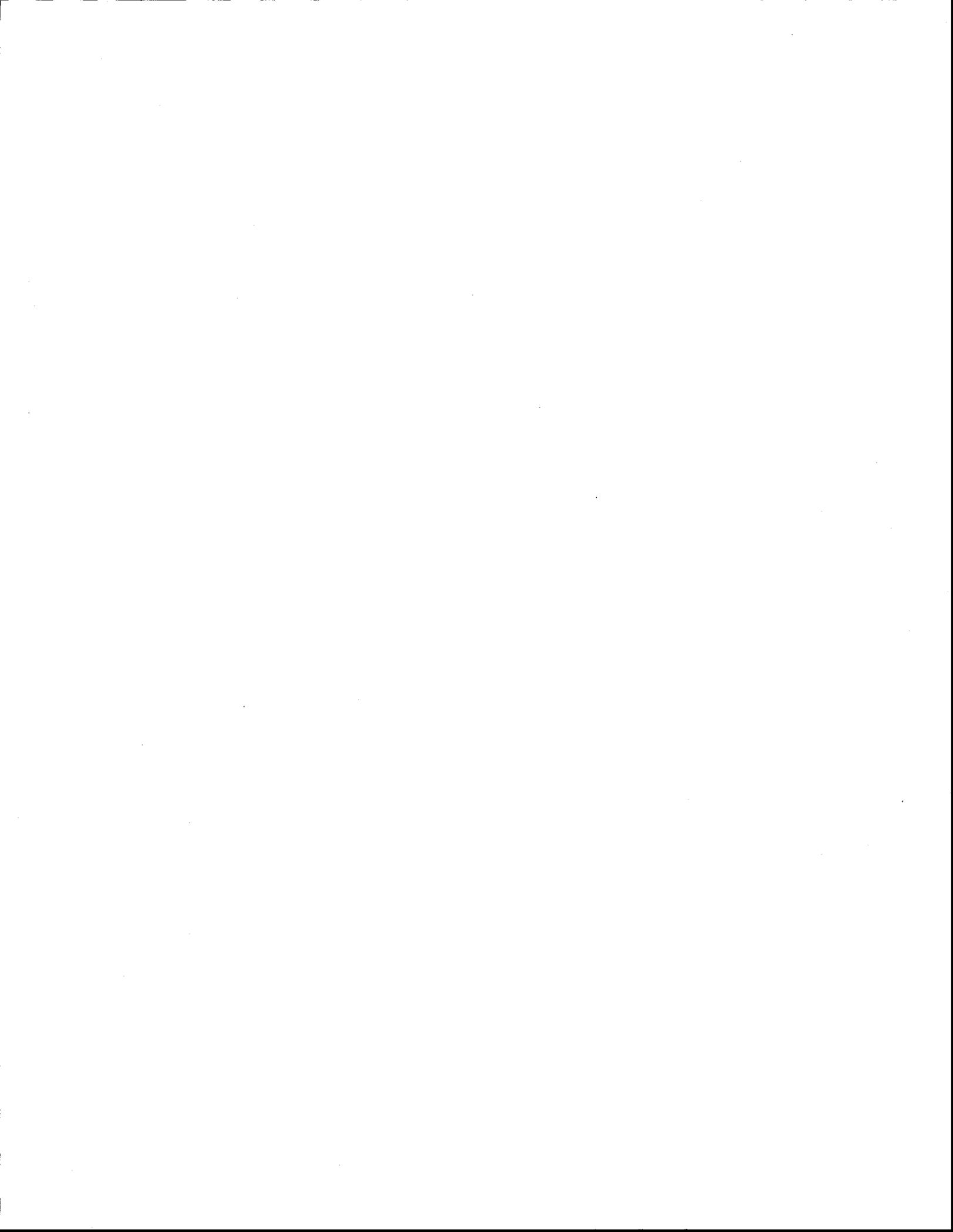
The Legislative Research Commission herewith submits to you for your consideration its Interim report on the North Carolina Cooperative Extension Service. The report was prepared by the Legislative Research Commission Cooperative Extension Service Committee pursuant to G.S. 120-30.17(1).

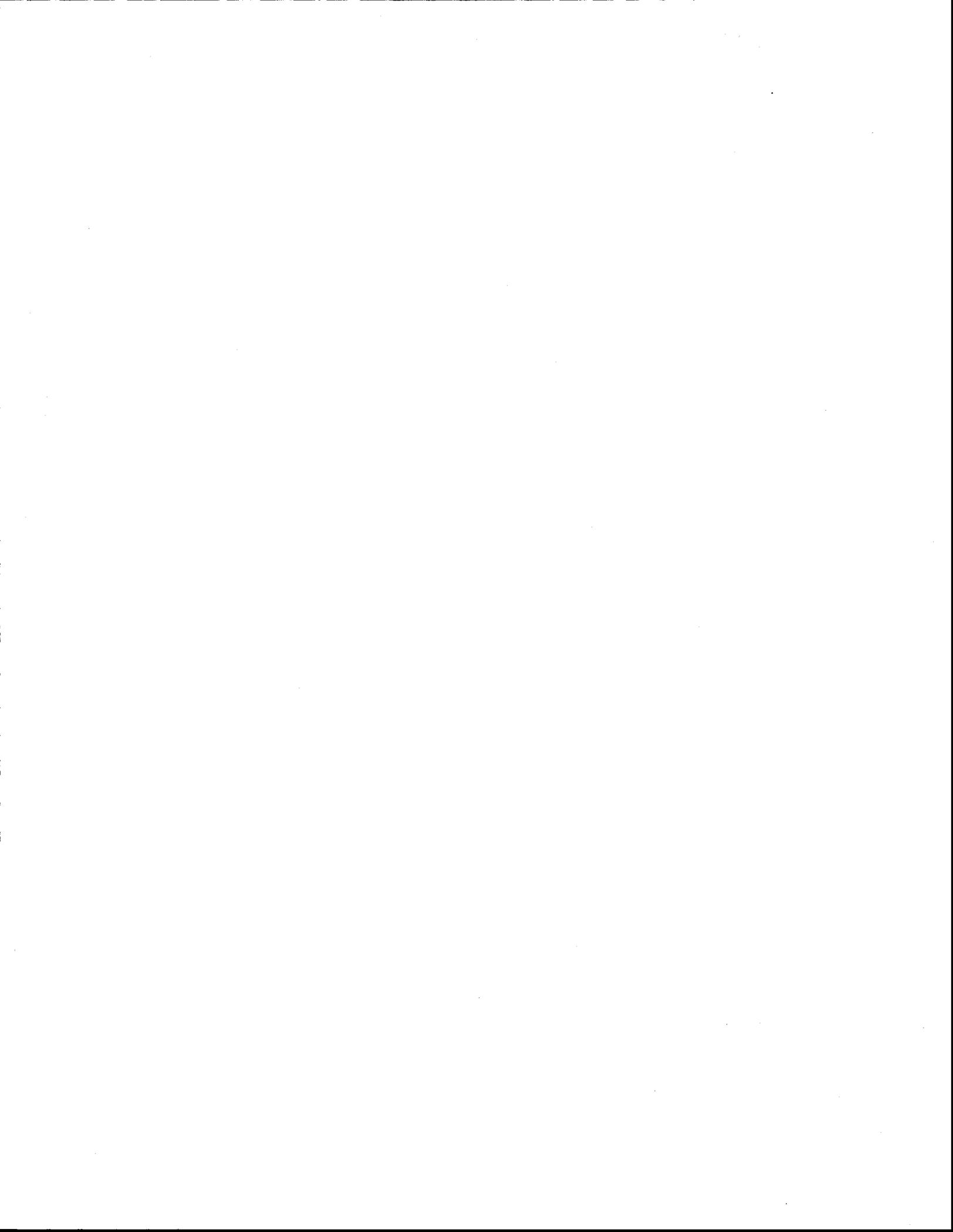
Respectfully submitted,

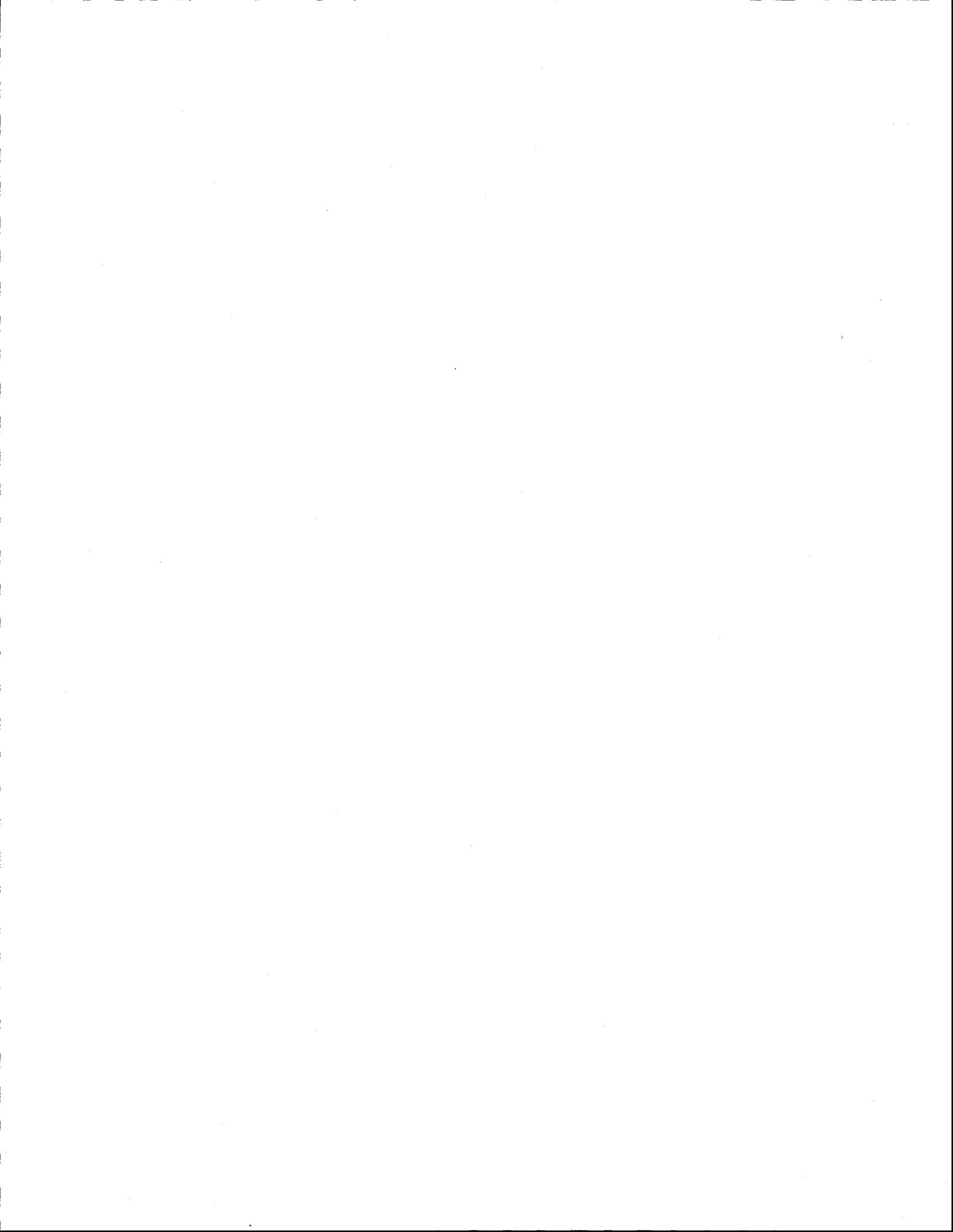

Harold J. Brubaker
Speaker of the House


Marc Basnight
President Pro Tempore

Cochair
Legislative Research Commission







1997-1999

LEGISLATIVE RESEARCH COMMISSION

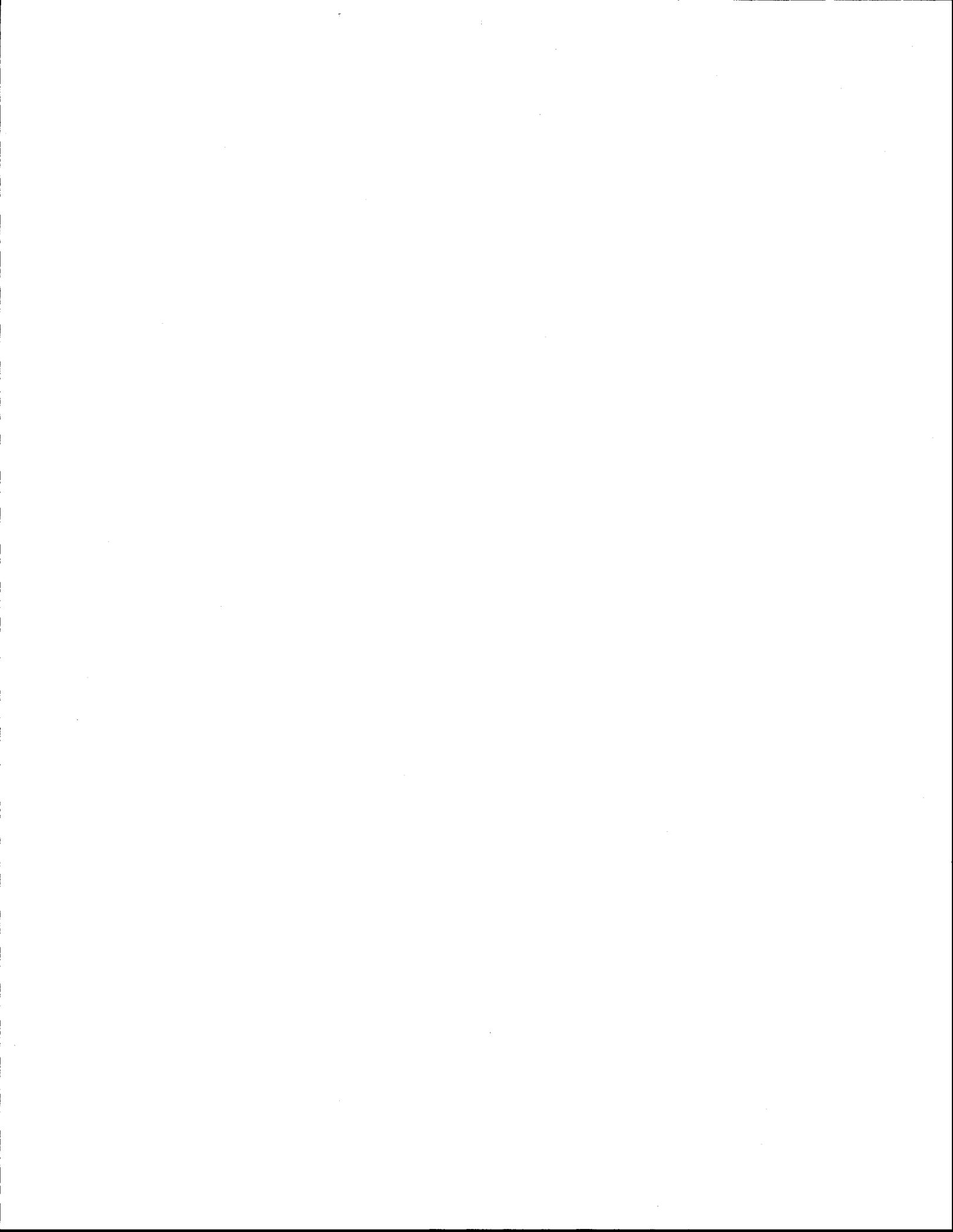
MEMBERSHIP

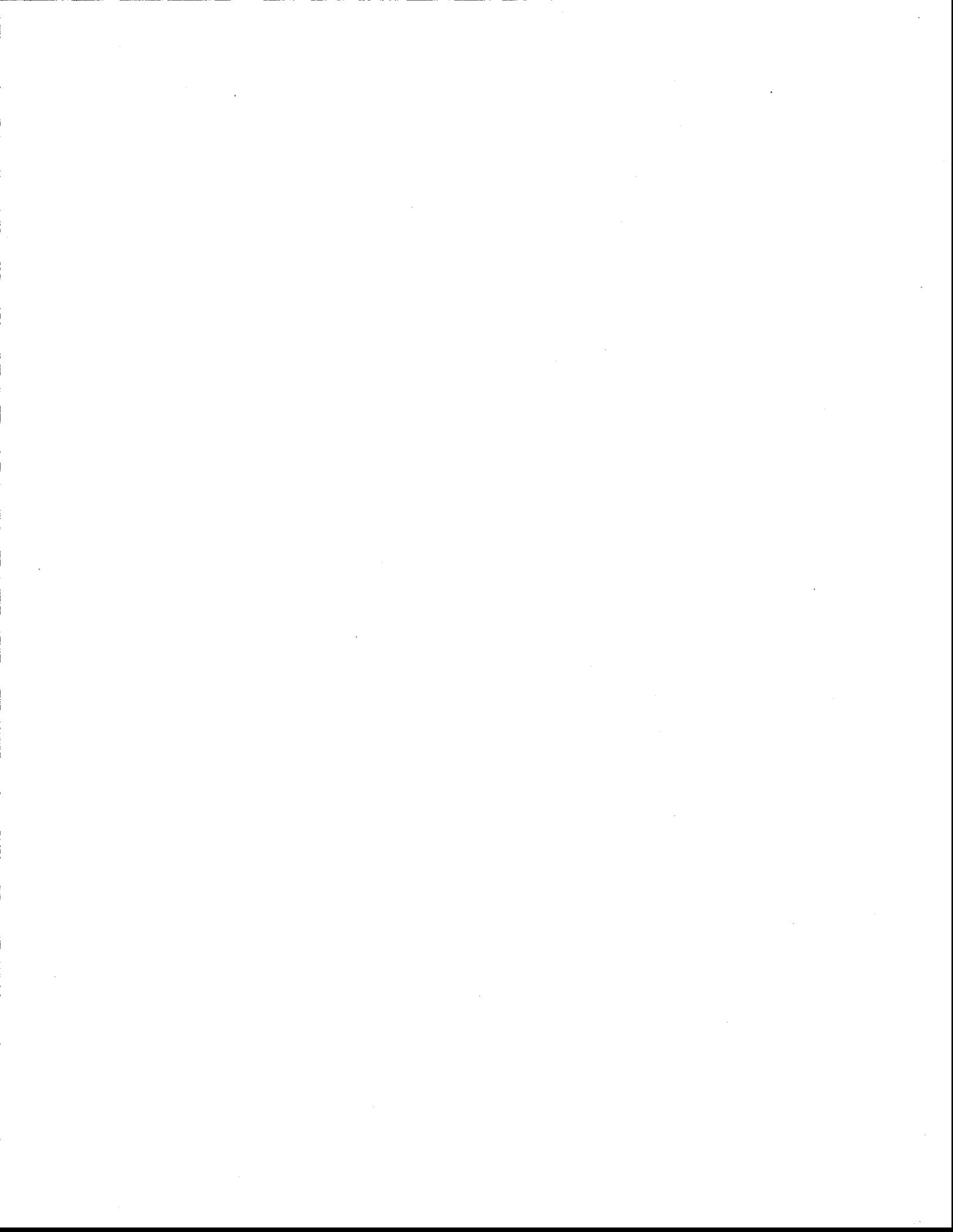
President Pro Tempore of the Senate
Marc Basnight, Cochair

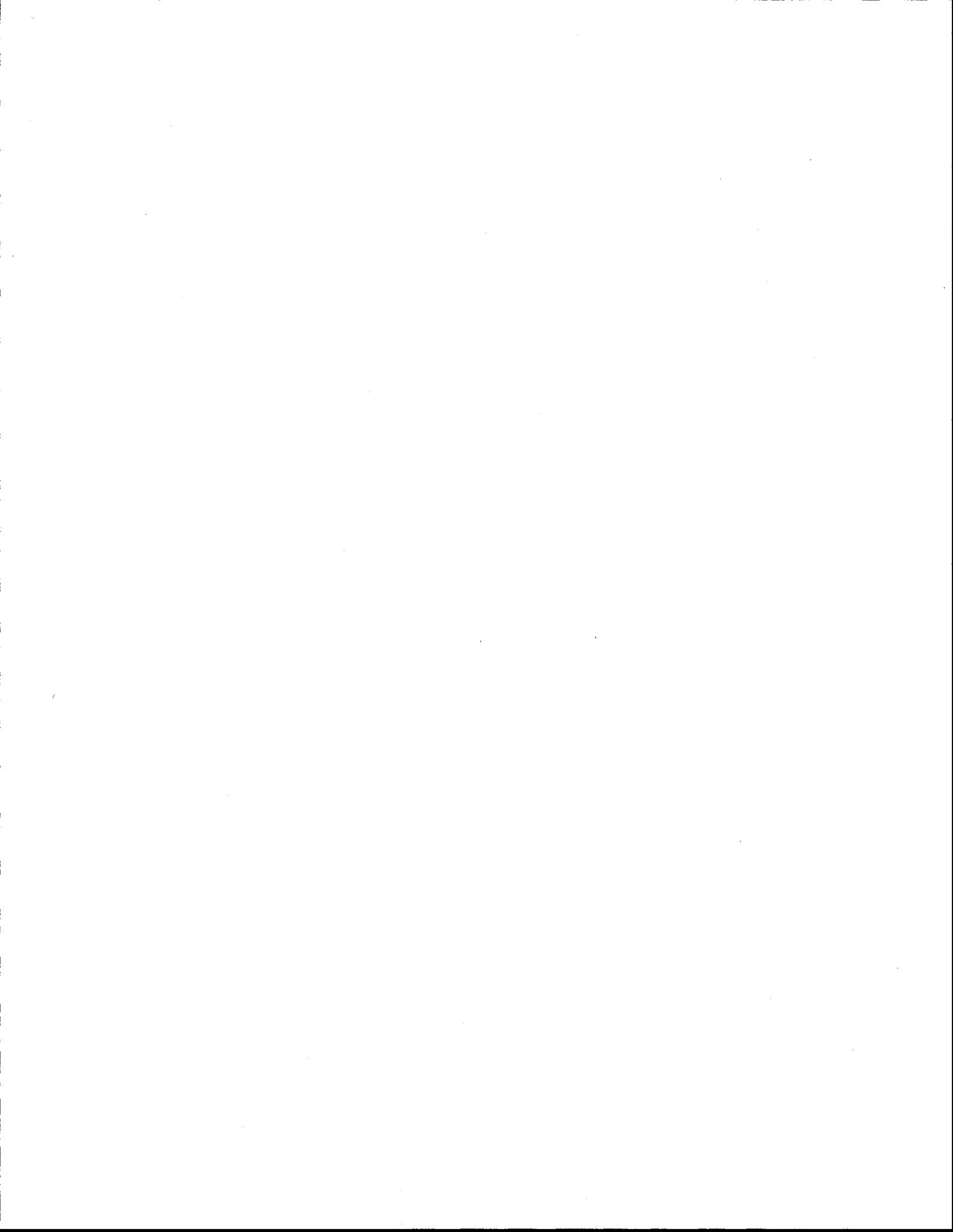
Sen. Austin M. Allran
Sen. Frank W. Ballance, Jr.
Sen. Jeanne H. Lucas
Sen. R.L. Martin
Sen. Ed N. Warren

Speaker of the House of Representatives
Harold J. Brubaker, Cochair

Rep. Michael P. Decker, Sr.
Rep. Jerry C. Dockham
Rep. Beverly Earle
Rep. W. Eugene McCombs
Rep. Gregory J. Thompson





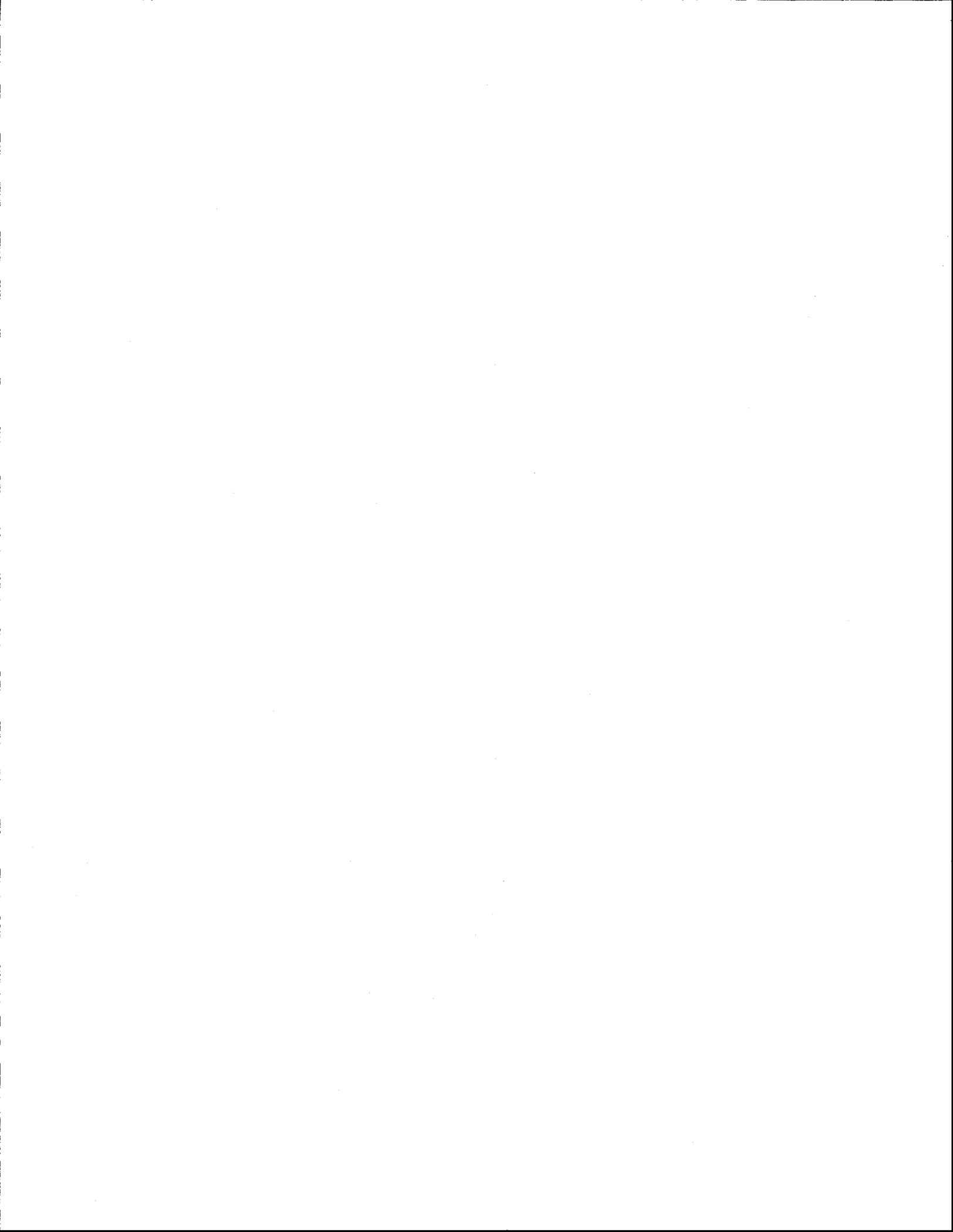


PREFACE

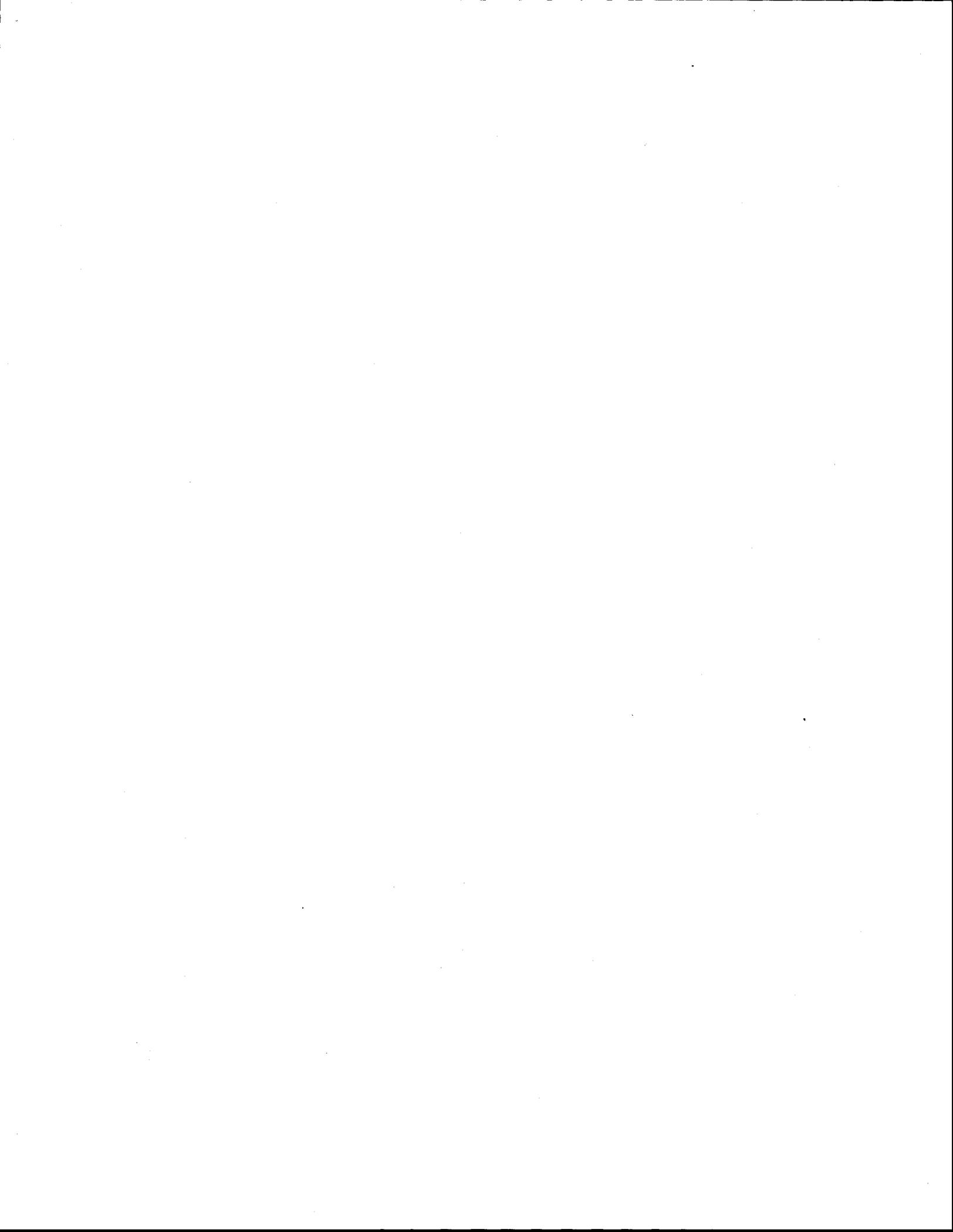
The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is cochaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission, prompted by actions during the 1997 Session, has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Cochairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairs, one from each house of the General Assembly, were designated for each committee.

The study of the North Carolina Cooperative Extension Service was authorized by Part II, Section 2.1(17) of Chapter 483 of the 1997 Session Laws. Part II of Chapter 483 allows for studies authorized by that Part for the Legislative Research Commission to consider House Bill 1018 in determining the nature, scope and aspects of the study. Section 1 of House Bill 1018 calls for a study of the division of responsibility within the Cooperative Extension Service between its field offices and central administration, the method of allocating funds to field operations, State and county funding of Cooperative Extension Service programs, and the changing role of the Cooperative Extension Service. The committee was also given responsibility for conducting the study of the Cooperative Extension Service assigned to the Joint Legislative Oversight Committee pursuant to Section 10.17 of Chapter 443 of the 1997 Session Laws. Section 10.17 requires a study of the role of the Cooperative Extension Service in the environmental aspects of agricultural and other activities, the changing needs for various services due to the changes in the State's agricultural base, the top priority agricultural needs of the State and the alignment of current Cooperative Extension Service programs with those needs, and potential duplication of Cooperative Extension Services by other entities. The relevant portions of Chapter 483, House Bill 1018 and Section 10.17 of Chapter



of the 1997 Session Laws are included in Appendix A. The Legislative Research Commission authorized this study under authority of G.S. 120-30.17(1) and grouped this study in its Education area under the direction of Representative Michael Decker, Sr. The Committee was chaired by Senator Walter H. Dalton, and Representative Edgar V. Starnes. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

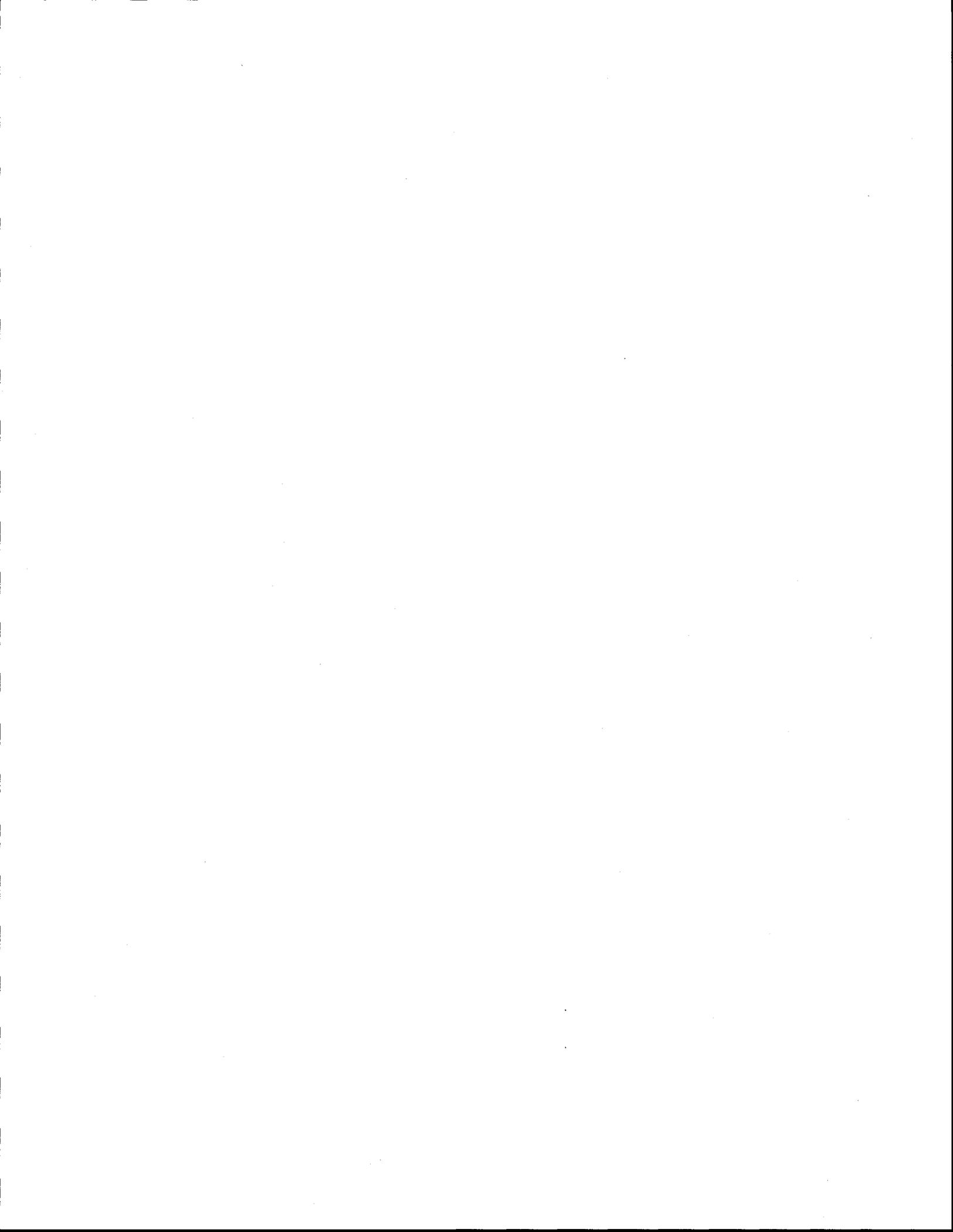


COMMITTEE PROCEEDINGS

The Legislative Research Commission's Cooperative Extension Service Study met twice before the 1998 Regular Session of the 1997 General Assembly. The Committee was charged with looking at a number of issues affecting the North Carolina Cooperative Extension Service, including allocation of responsibility and funding between field offices and central administration, the changing role of the Cooperative Extension Service and the alignment of services provided with the needs of agriculture and other users of the service, and State and county funding of Extension work.

At its initial meeting the Committee heard presentations on the history, mission, current programs and funding of the North Carolina Cooperative Extension Service. Dr. Jon Ort, Director of the North Carolina Cooperative Extension Service was the primary presenter for the Cooperative Extension Service. According to Dr. Ort, North Carolina's Cooperative Extension System is composed of extension programs located at the State's two land grant universities: The North Carolina Cooperative Extension Service is located at North Carolina State University, and the North Carolina Cooperative Extension Program, is based at North Carolina A & T State University. These two institutions have entered into a memorandum of understanding agreeing to establish a division of responsibilities, develop detailed work plans to be submitted to the USDA, establish minimum requirements for employment, promote unified programs and discourage fragmentation or duplication of efforts, and otherwise take steps to provide a joint program on both the State and county levels.

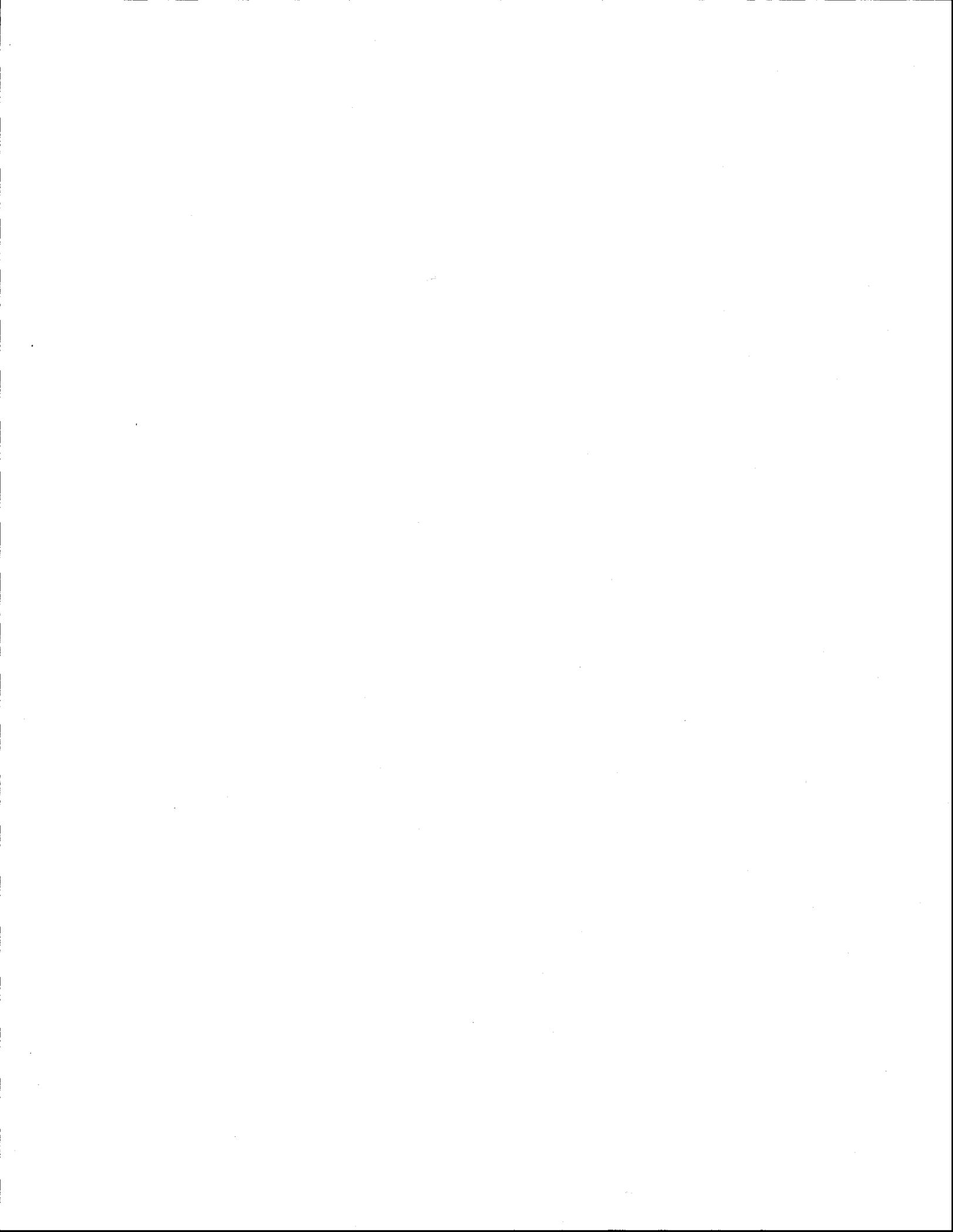
The development of extension work through the land grant universities began in the latter part of the 19th century. The first extension agent was appointed in 1907 and in 1909, North Carolina State University signed a memorandum of understanding with the USDA for cooperative demonstration work, including support by North Carolina State University for Farmers' Boy Clubs, the forerunner of 4-H. Finally, in 1914, Congress passed the Smith-Lever Act which formally established Cooperative extension as partnerships between USDA and the land grant universities. Smith Lever also required local matching funds for federal dollars. A concise history of the beginnings of the North Carolina Cooperative Extension Service may be found in Appendix C.



Much of the early focus of the Cooperative Extension Service was on increasing agricultural production. The Extension Service, however, also was and remains active in natural resource management issues, and family issues. Homemaker extension programs began with Girl's Canning Clubs, formed to give farm girls an opportunity for making money. These Canning Clubs led to the establishment of numerous Extension Homemakers organizations. Youth programs, such as 4-H and assistance with community and rural development have also long played a part in the services offered by Extension.

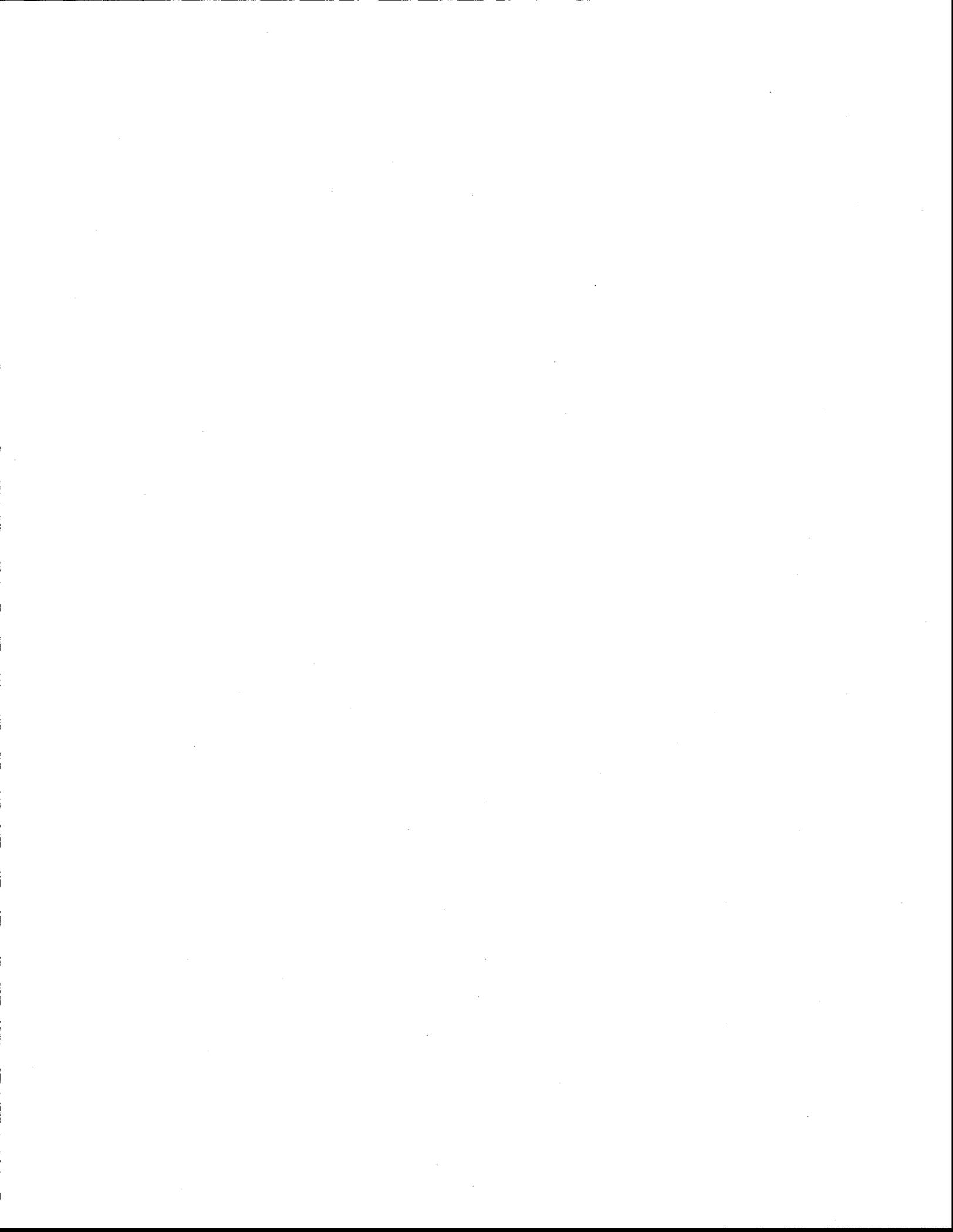
The mission of the Cooperative Extension Service is to bring research based knowledge to farmers, individuals, families, and communities to improve their lives. To this end the Cooperative Extension Service has grouped their programs into five focus areas: Sustaining agriculture and forestry; protecting the environment; maintaining viable communities; developing responsible youth; and developing strong, healthy, and safe families. From these five focus areas, the Cooperative Extension Service has developed 20 program initiatives known as State Major Programs. These programs were developed with extensive citizen input during the formulation of the Cooperative Extension Service's long-range program plan adopted in 1996. The 20 State Major programs include:

- Aging with Gusto!
- Agriculture and Natural Resources Policy
- Agriculture and the Environment
- Animal Production and Marketing Systems
- Child Care Education and Training
- Community and Economic Development
- Crop Production and Marketing Systems
- Family and Consumer Economics
- Family and Parent Education
- Food and Forest Products Manufacturing
- Food Quality and Safety
- Health and Human Safety
- Leadership and Volunteer Development
- Marketing and Production of Alternative Agriculture Opportunities and Enterprises
- Natural Resource Conservation and Management
- Nutrition and Wellness
- Residential and Community Horticulture, Forestry, and Pest Management
- Residential and Community Water and Waste Management
- Youth Development



Extension is a partnership between the federal, State, and county levels of Government. The North Carolina Cooperative Extension Service maintains field offices in each of the State's 100 counties and operations are governed by a memorandum of understanding with each county defining the relative responsibilities of each. Programs are developed by the County Extension Agent as needed or requested by the local community. Funding for the Cooperative Extension Service is also provided at the federal, State, and county levels. In addition to this public funding, the Cooperative Extension Service also obtains part of its funding through contracts and grants, gifts, sales and services, and overhead receipts. A more detailed description of the fiscal issues may be found in Appendix C.

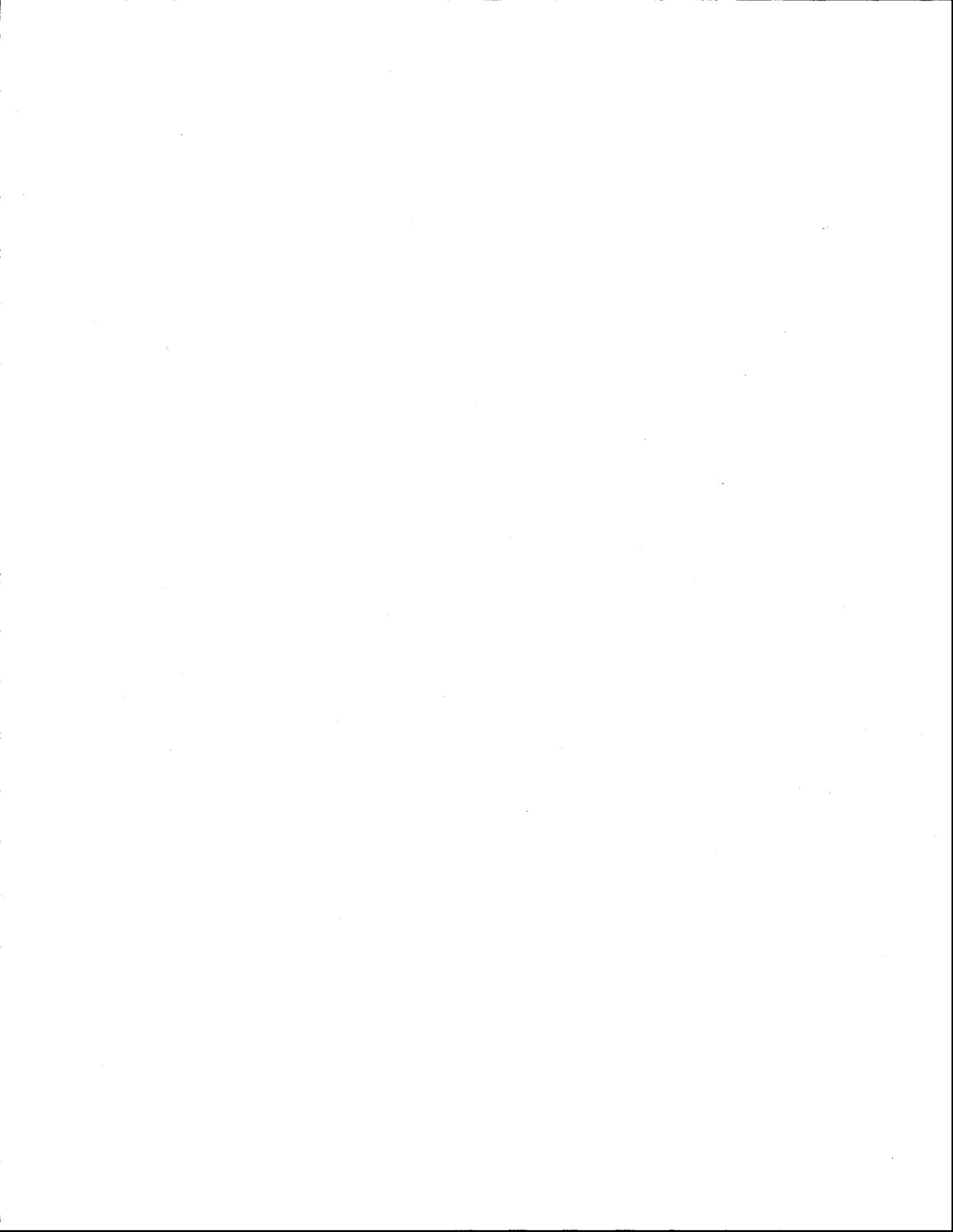
The Committee met a second time on April 16, 1998. At this second meeting the Committee sought to obtain the county perspective on the Cooperative Extension Service. North Carolina A & T State University also made a presentation on their North Carolina Cooperative Extension Program.

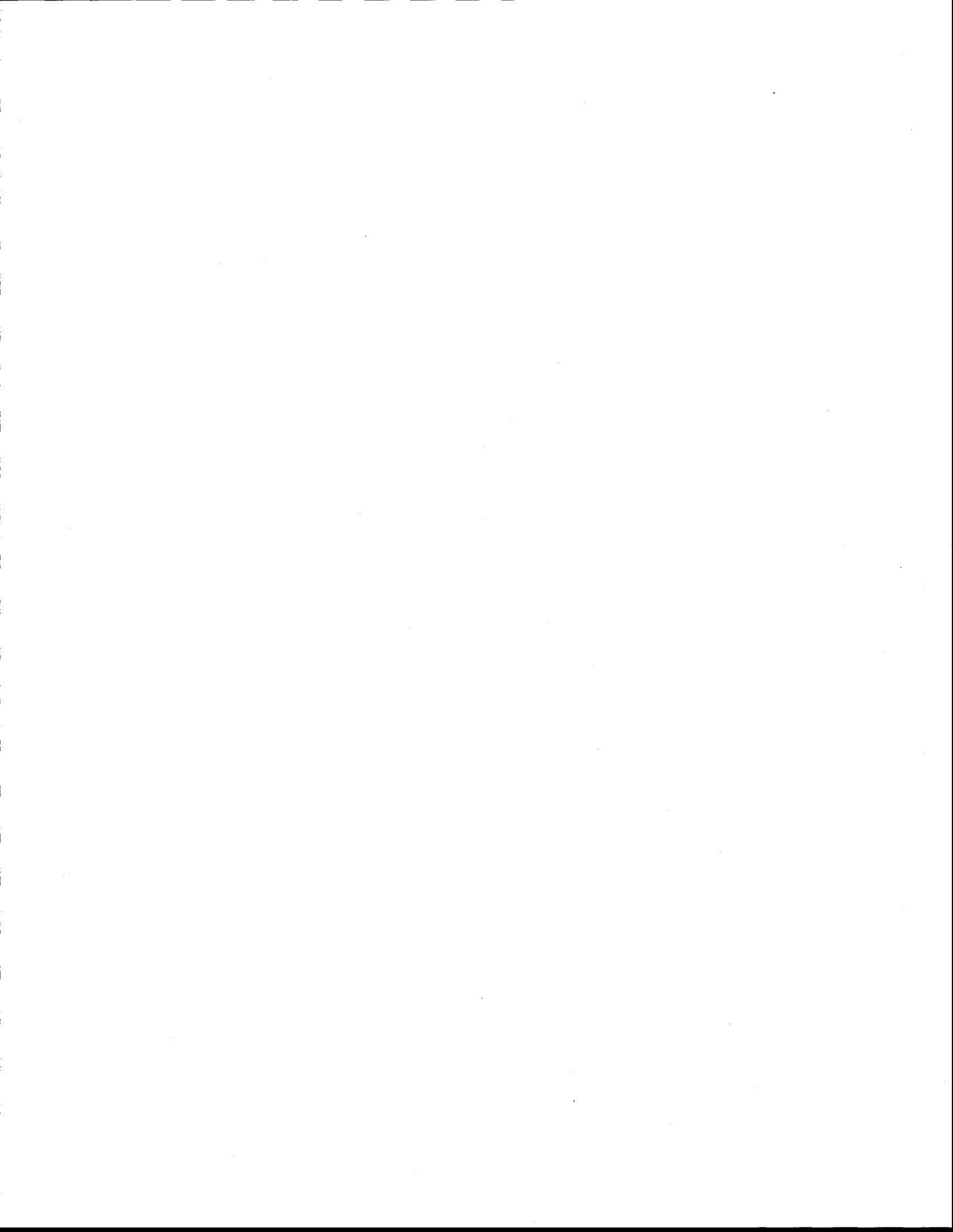


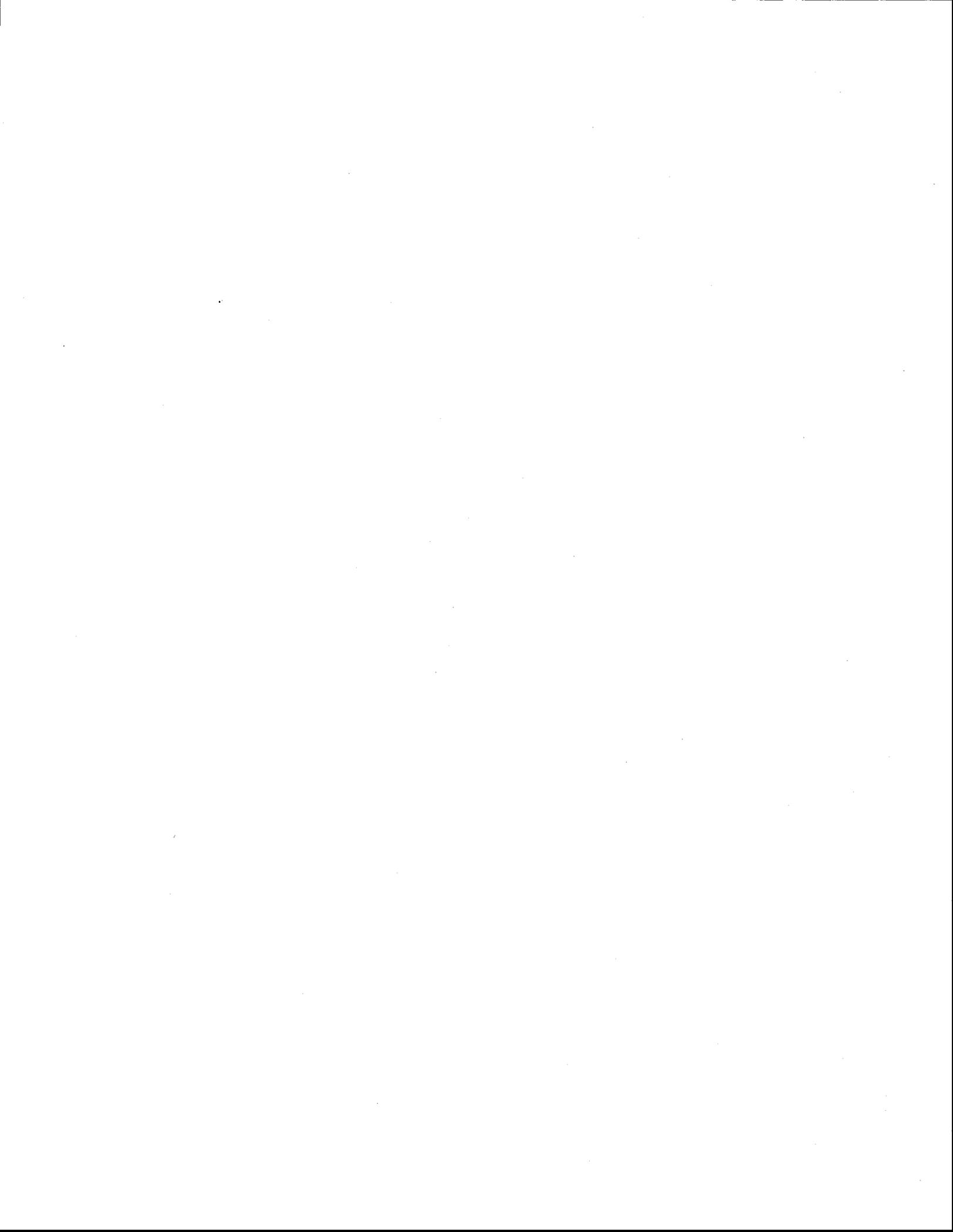


FINDINGS AND RECOMMENDATIONS

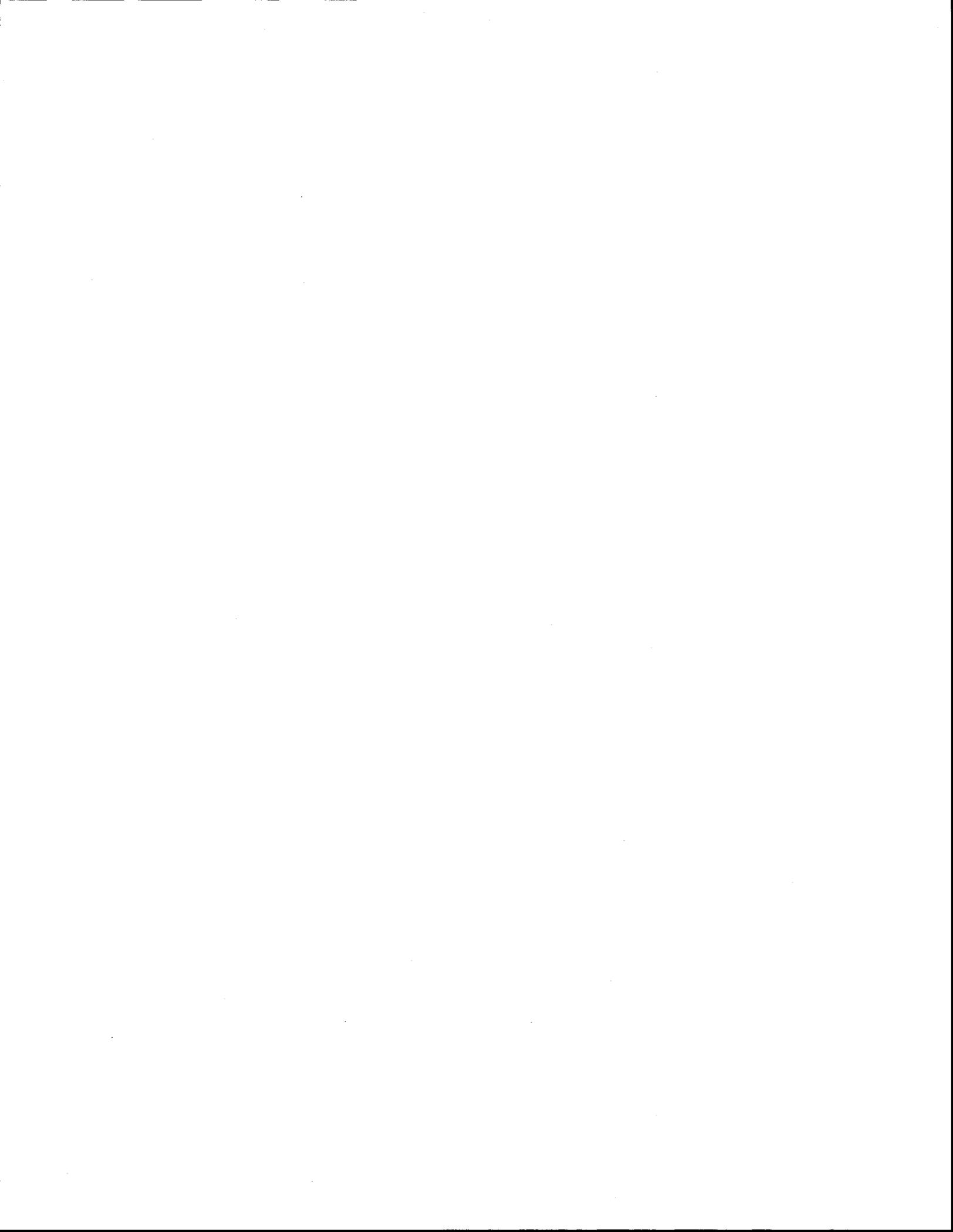
As the Committee has just begun its review of the North Carolina Cooperative Extension Service and the issues the General Assembly directed it to address, it has no recommendation regarding the Cooperative Extension Service or its programs at this time. The Committee does recommend that it continue to study the issues before it after the conclusion of the 1998 Regular Session of the 1997 General Assembly and submit a final report to the 1999 Session of the General Assembly.

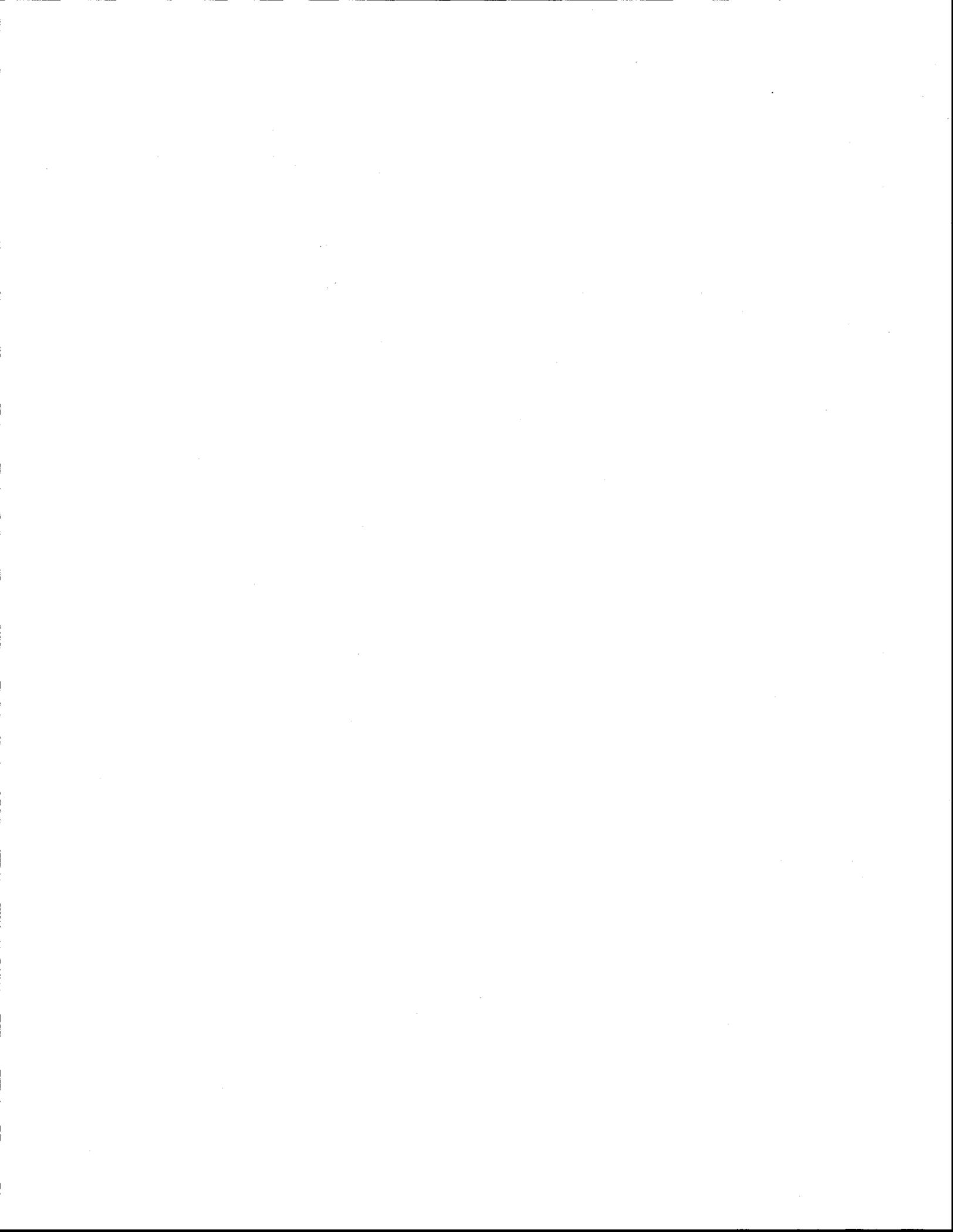


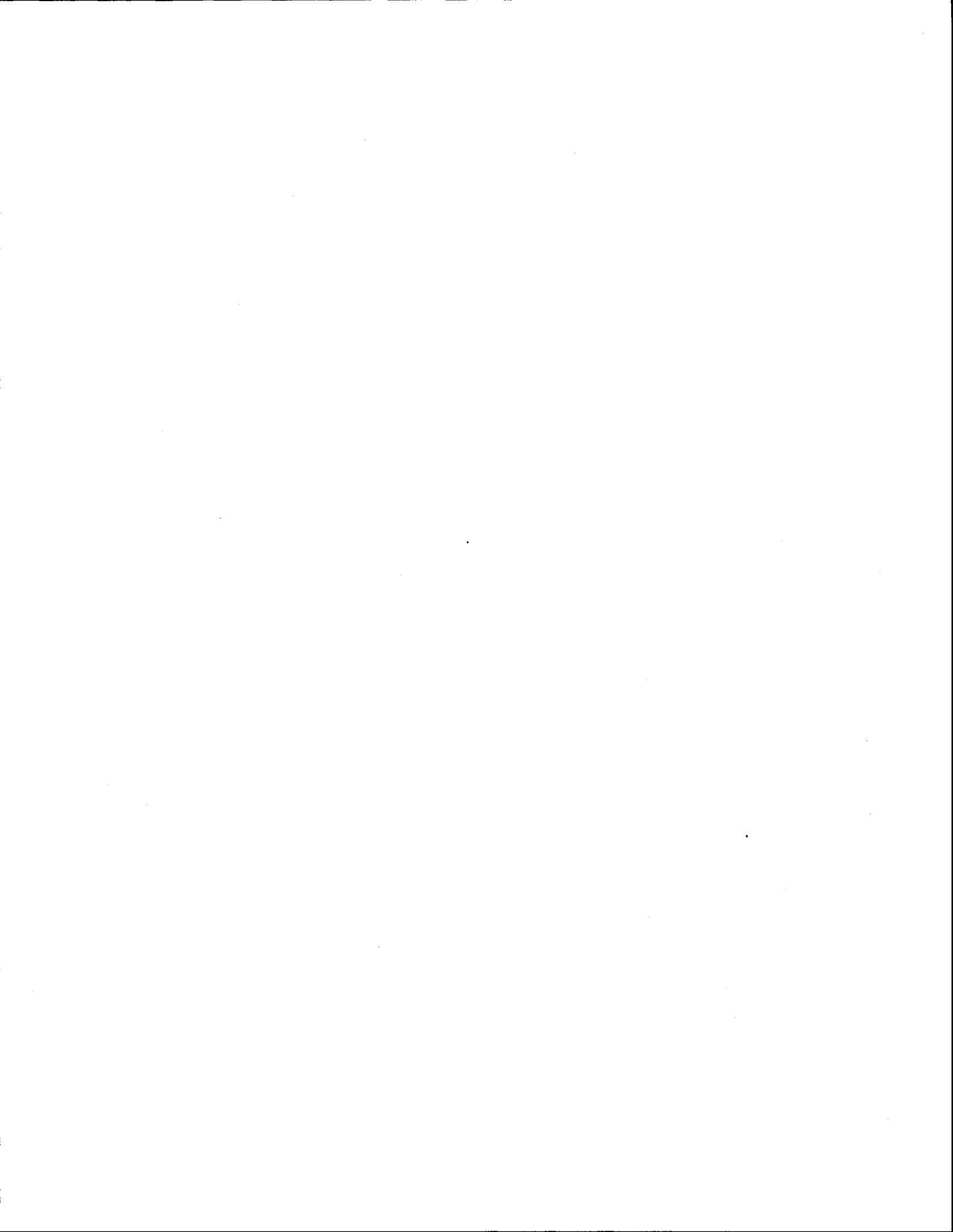




APPENDICES







APPENDIX A

**CHAPTER 483
1997 Session Laws**

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMISSIONS, TO CONTINUE A COUNCIL, TO DIRECT STATE AGENCIES AND LEGISLATIVE OVERSIGHT COMMITTEES AND COMMISSIONS TO STUDY SPECIFIED ISSUES, AND TO IMPOSE A MORATORIUM ON SERVICE CORPORATION CONVERSIONS.

The General Assembly of North Carolina enacts:

PART I.-----TITLE

Section 1. This act shall be known as "The Studies Act of 1997".

PART II.-----LEGISLATIVE RESEARCH COMMISSION

Section 2.1. The Legislative Research Commission may study the topics listed below. When applicable, the bill or resolution that originally proposed the issue or study and the name of the sponsor is listed. Unless otherwise specified, the listed bill or resolution refers to the measure introduced in the 1997 Regular Session of the 1997 General Assembly. The Commission may consider the original bill or resolution in determining the nature, scope, and aspects of the study.

(17) Cooperative Extension Service (H.B. 1018 - Smith)

Section 2.11. Committee Membership. For each Legislative Research Commission committee created during the 1997-98 biennium, the cochairs of the Legislative Research Commission shall appoint the committee membership.

Section 2.12. Reporting Date. For each of the topics the Legislative Research Commission decides to study under this Part or pursuant to G.S. 120- 30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1997 General Assembly, 1998 Regular Session, or the 1999 General Assembly.

Section 2.13. Funding. From the funds available to the General Assembly, the Legislative Services Commission may allocate additional monies to fund the work of the Legislative Research Commission.

PART XVI.-----BILL AND RESOLUTIONS REFERENCES

Section 16.1. The listing of the original bill or resolution in this act is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

PART XVII.-----EFFECTIVE DATE AND APPLICABILITY

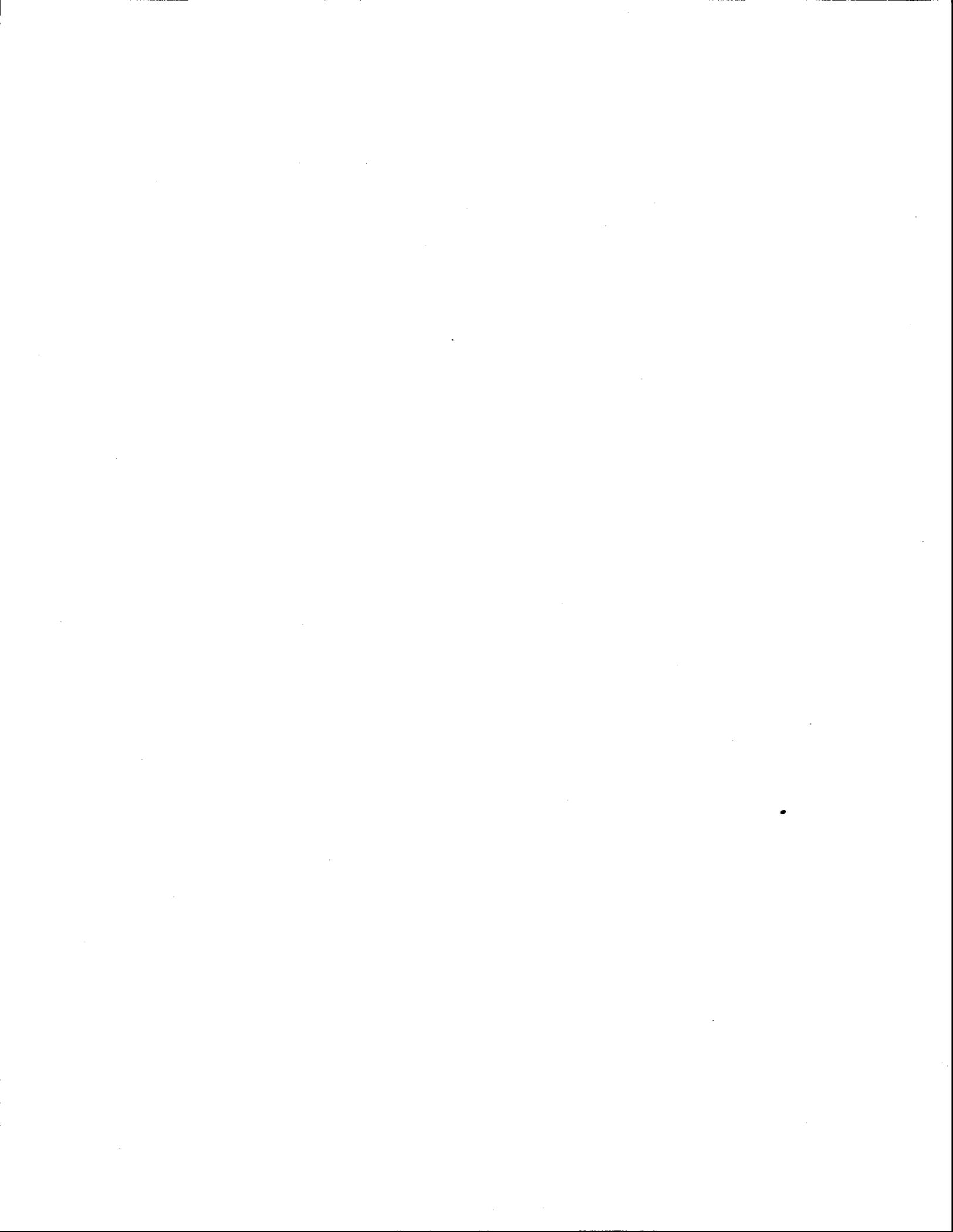
Section 17.1. Except as otherwise specifically provided, this act becomes effective July 1, 1997. If a study is authorized both in this act and the Current Operations Appropriations Act of 1997, the study shall be implemented in accordance with the Current Operations Appropriations Act of 1997 as ratified.

In the General Assembly read three times and ratified this the 28th day of August, 1997.

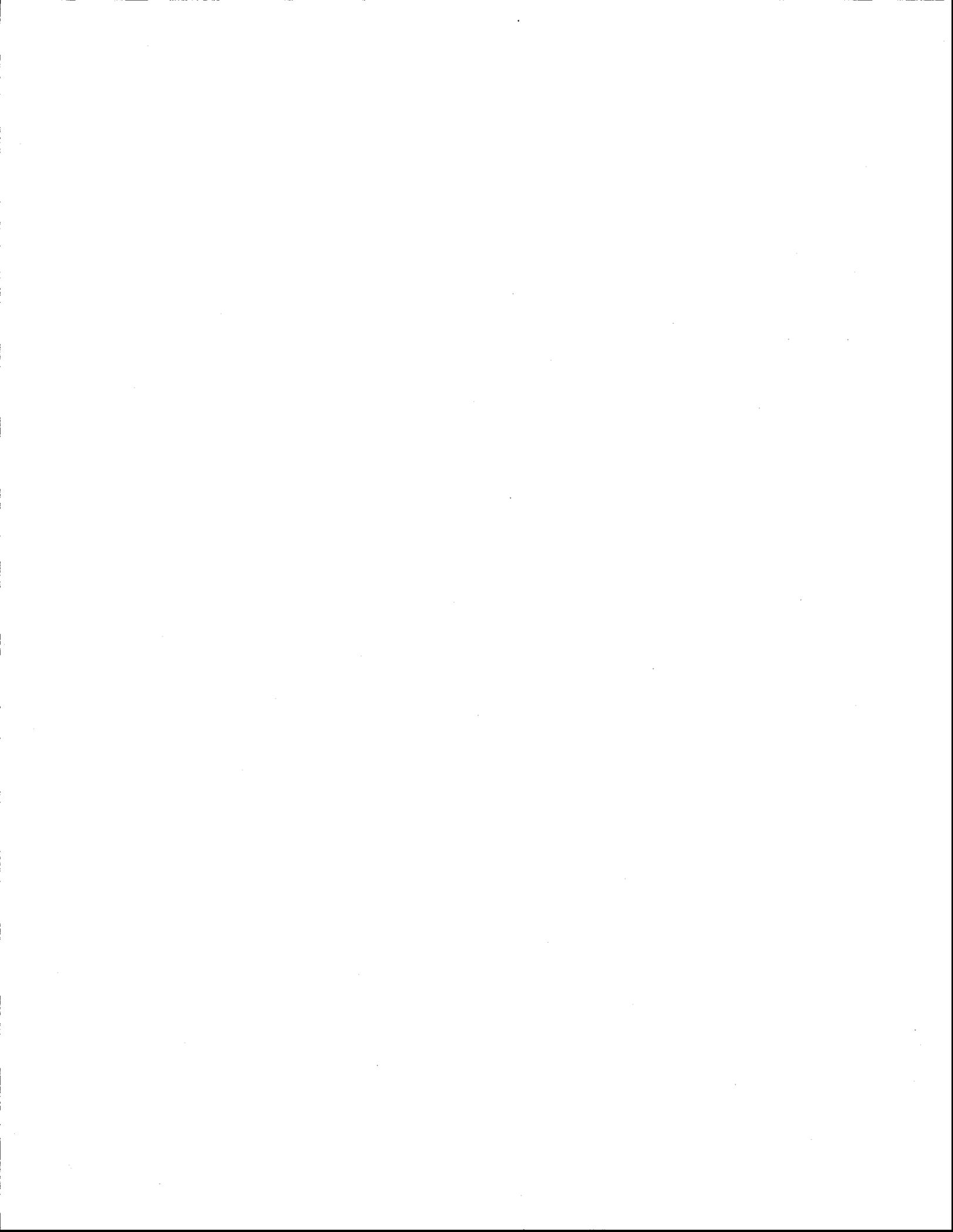
s/ Marc Basnight
President Pro Tempore of the Senate

s/ Harold J. Brubaker
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor



Approved 11:00 a.m. this 10th day of September, 1997



Family Medicine Residency Program to provide assistance comparable to other family medicine residency slots for 16 residencies. The Cabarrus Family Medicine Residency Program shall provide all information required by The University of North Carolina Board of Governors to comply with the reporting requirements of G.S. 143-613.

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady
UNC LIBRARIES FUNDING

Section 10.11. Of the funds appropriated to the Board of Governors of The University of North Carolina in this act, the sum of two million dollars (\$2,000,000) shall be allocated each year of the biennium for enhancement of libraries for the constituent institutions. Of this amount, a sufficient sum each year shall be used for the development of the NC-LIVE project, a cooperative effort of The University of North Carolina, the Department of Community Colleges, and the State Library of North Carolina designed to improve access to information resources across the State and to reduce the duplication of expenditures for library resources.

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady
COOPERATIVE EXTENSION SERVICES

Section 10.12. (a) The Joint Legislative Education Oversight Committee and the Board of Governors of The University of North Carolina shall undertake a joint review and study of the role, funding, personnel resources, programs, and other aspects of the Cooperative Extension Services of The University of North Carolina given the changing nature of the agricultural base of the State.

(b) The study shall consider all of the following:

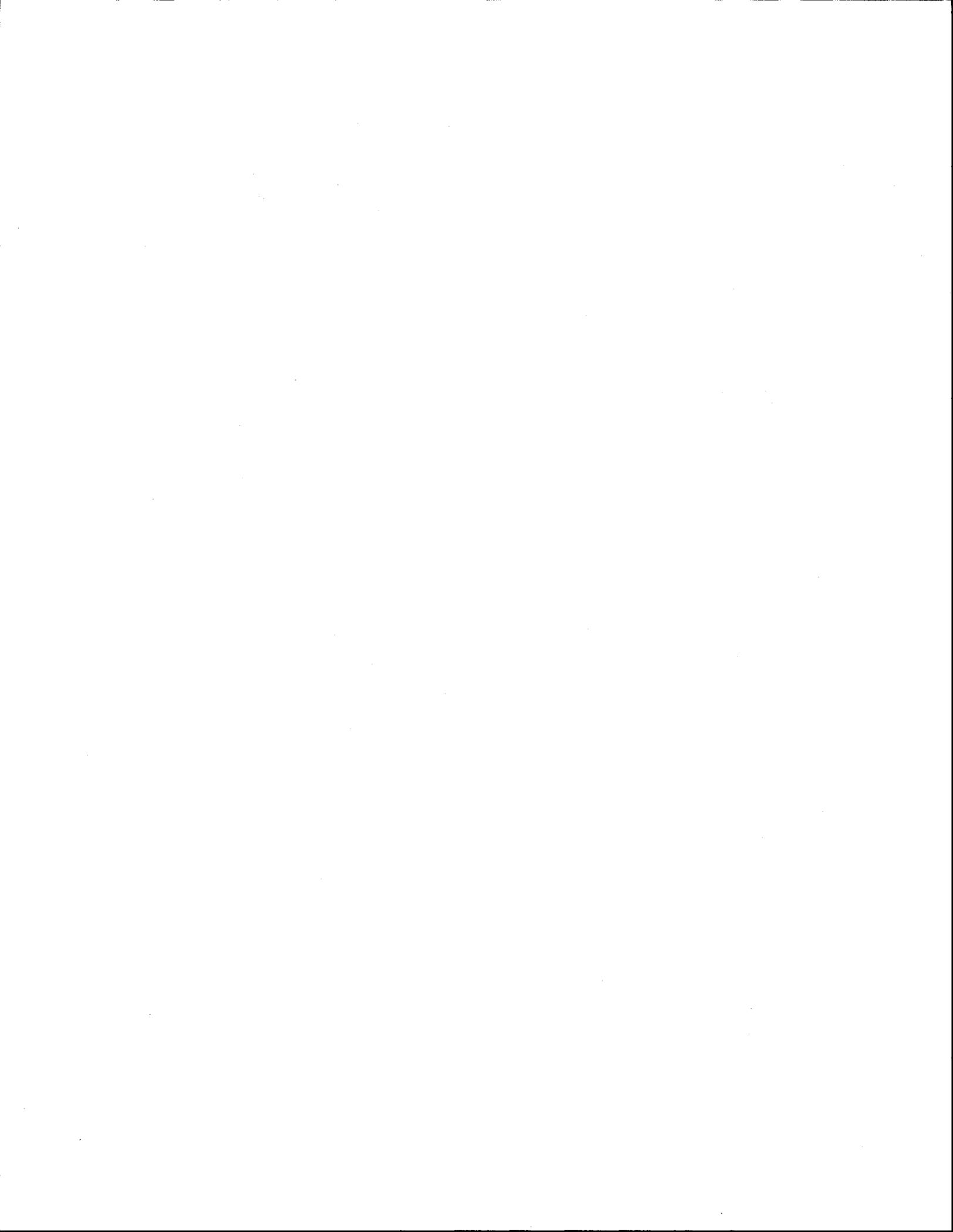
- (1) The role of cooperative extension services in the environmental aspects of agricultural activities and other activities.
- (2) The reduced or increased needs for various current extension services due to changes in the State's agricultural base.
- (3) The top priority agricultural needs of the State and whether or not current cooperative extension services are aligned with those needs.
- (4) The duplication, if any, of cooperative extension services with services offered by other entities.

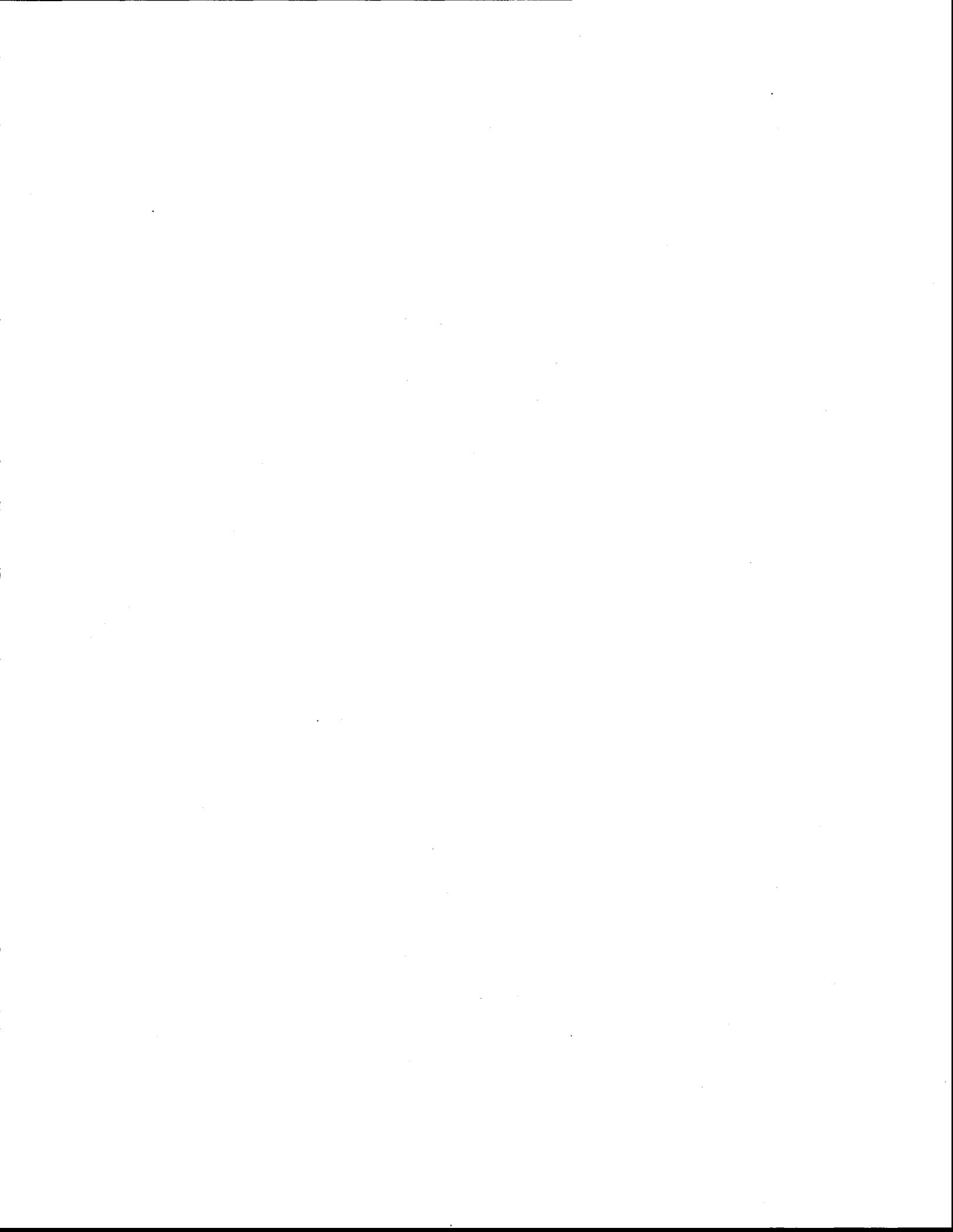
(c) The Joint Legislative Education Oversight Committee and the Board of Governors may appoint a subcommittee to work cooperatively on this study. The Chairs of the Joint Legislative Education Oversight Committee shall designate one member of the Subcommittee to serve as a cochair and the Chair of the Board of Governors shall designate one member of the Subcommittee to serve as a cochair.

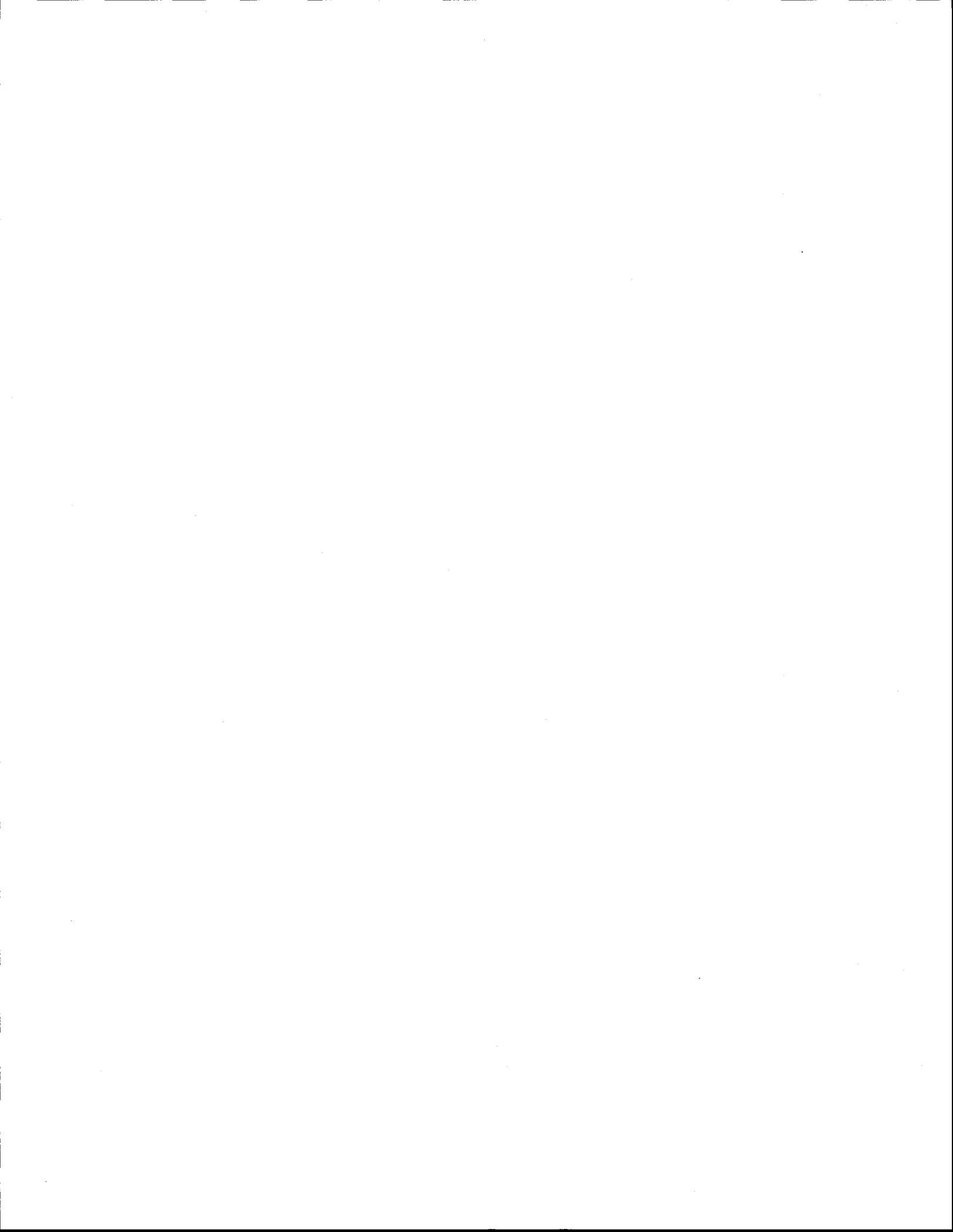
(d) The Subcommittee shall meet at such times and places as the Subcommittee cochairs designate. The facilities of the State Legislative Building and the Legislative Office Building shall be available to the Subcommittee subject to the approval of the Legislative Services Commission. The facilities of the university system shall also be available to the Subcommittee.

(e) Subject to the approval of the Legislative Services Commission, the staff resources of the Legislative Services Commission shall be available to the Subcommittee without cost except for travel, subsistence, supplies, and materials. Subject to the approval of the Board of Governors, the staff resources of the Board of Governors shall also be available to the Subcommittee without cost except for travel, subsistence, supplies, and materials which shall be the expense of the Board of Governors.

(f) The Joint Legislative Education Oversight Committee and the Board of Governors shall report their findings to the General Assembly by May 1, 1998.







GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

1

HOUSE BILL 1018

Short Title: Cooperative Extension LRC Study.

(Public)

Sponsors: Representatives Smith; and Wainwright.

Referred to: Rules, Calendar and Operations of the House.

April 21, 1997

A BILL TO BE ENTITLED

1
2 AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO
3 STUDY THE OPERATIONS OF THE COOPERATIVE EXTENSION SERVICE.

4 The General Assembly of North Carolina enacts:

5 Section 1. The Legislative Research Commission may study the
6 operations of the Cooperative Extension Service. Specifically, the committee will
7 examine the following:

8 (1) The division of responsibility between the Cooperative Extension
9 Service central administration and the field offices in the 100
10 counties;

11 (2) The method of allocating funding to the field operations and the
12 adequacy of this financial support;

13 (3) The relationship between State and county funding of Cooperative
14 Extension Service programs; and

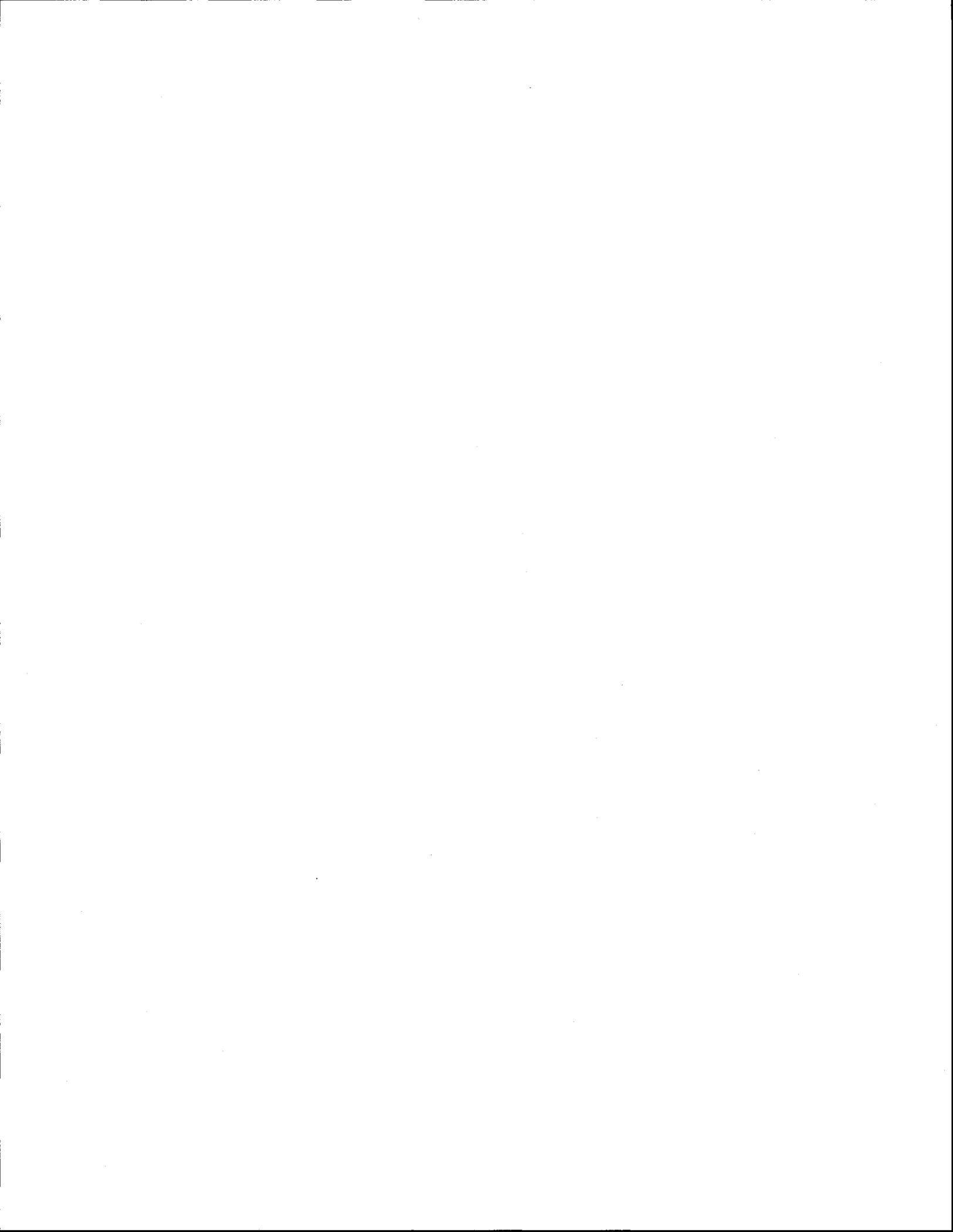
15 (4) The changing role of the Cooperative Extension Service.

16 Section 2. (a) The Legislative Research Commission shall appoint a
17 committee to conduct the study. The committee will consist of 12 members. The
18 Speaker of the House of Representatives and the President Pro Tempore of the
19 Senate each will appoint six members.

20 (b) The Speaker of the House of Representatives shall appoint:

21 (1) Four members of the House of Representatives;

22 (2) One member nominated by the North Carolina Association of
23 County Commissioners; and



- 1 (3) One member nominated by the Director of the Cooperative
2 Extension Service.
3 (c) The President Pro Tempore of the Senate shall appoint:
4 (1) Four members of the Senate;
5 (2) One member nominated by the Association of County
6 Commissioners; and
7 (3) One member nominated by the Director of the Cooperative
8 Extension Service.

9 Section 3. The committee shall submit the final report of its findings and
10 recommendations to the Legislative Research Commission no later than March 15,
11 1998.

12 Section 4. This act is effective when it becomes law.



**LEGISLATIVE RESEARCH COMMISSION
COOPERATIVE EXTENSION SERVICE COMMITTEE
1997-1999**

Pro Tem's Appointments

Sen. Walter H. Dalton, Cochair
1108 North Main Street
Rutherfordton, NC 28139
(704) 287-2908

Sen. Charles W. Albertson
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Beulaville, NC 28518
(910) 298-4923

Ms. Lois G. Britt
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Rose Hill, NC 28458

Sen. John A. Garwood
453 Mark Lane
North Wilkesboro, NC 28659
(910) 838-5378

Sen. Fletcher L. Hartsell, Jr.
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(704) 786-5161

Mr. Rouse Ivey
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Sen. Eric M. Reeves
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Elkin, NC 28621
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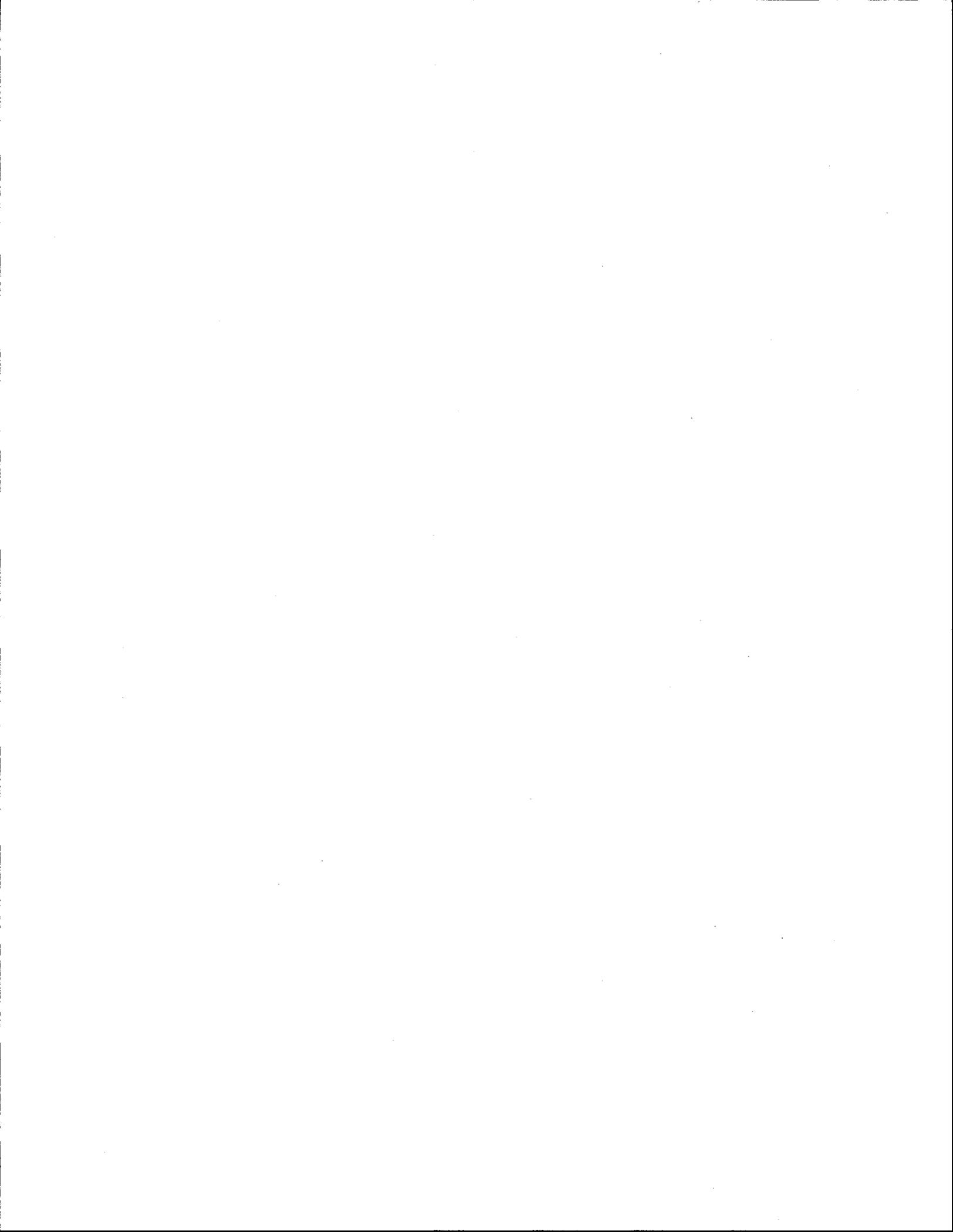
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Mr. H. Frank Grainger
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Rep. Dewey L. Hill
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Rep. Howard J. Hunter, Jr.
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Murfreesboro, NC 27855
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Rep. W. Franklin Mitchell
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Olin, NC 28660
(704) 876-4327



The Honorable Joseph E. Thomas
PO Box 12249
New Bern, NC 28561-2249

Mr. Robert F. Warwick
PO Box 1730
Wilmington, NC 28402

LRC Member

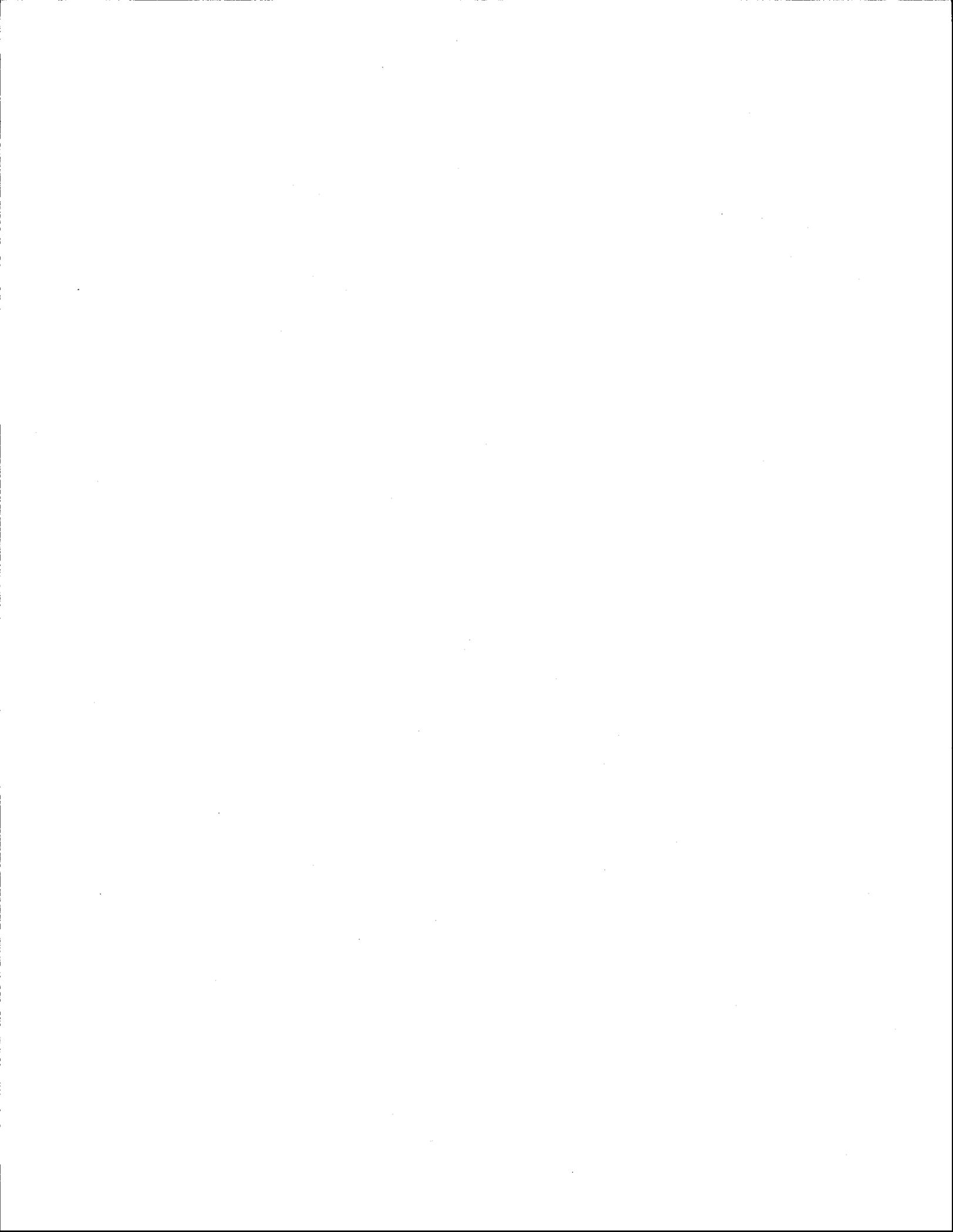
Rep. Michael Decker, Sr.
PO Box 141
Walkertown, NC 27051

Staff:

Barbara Riley
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(919) 733-2578

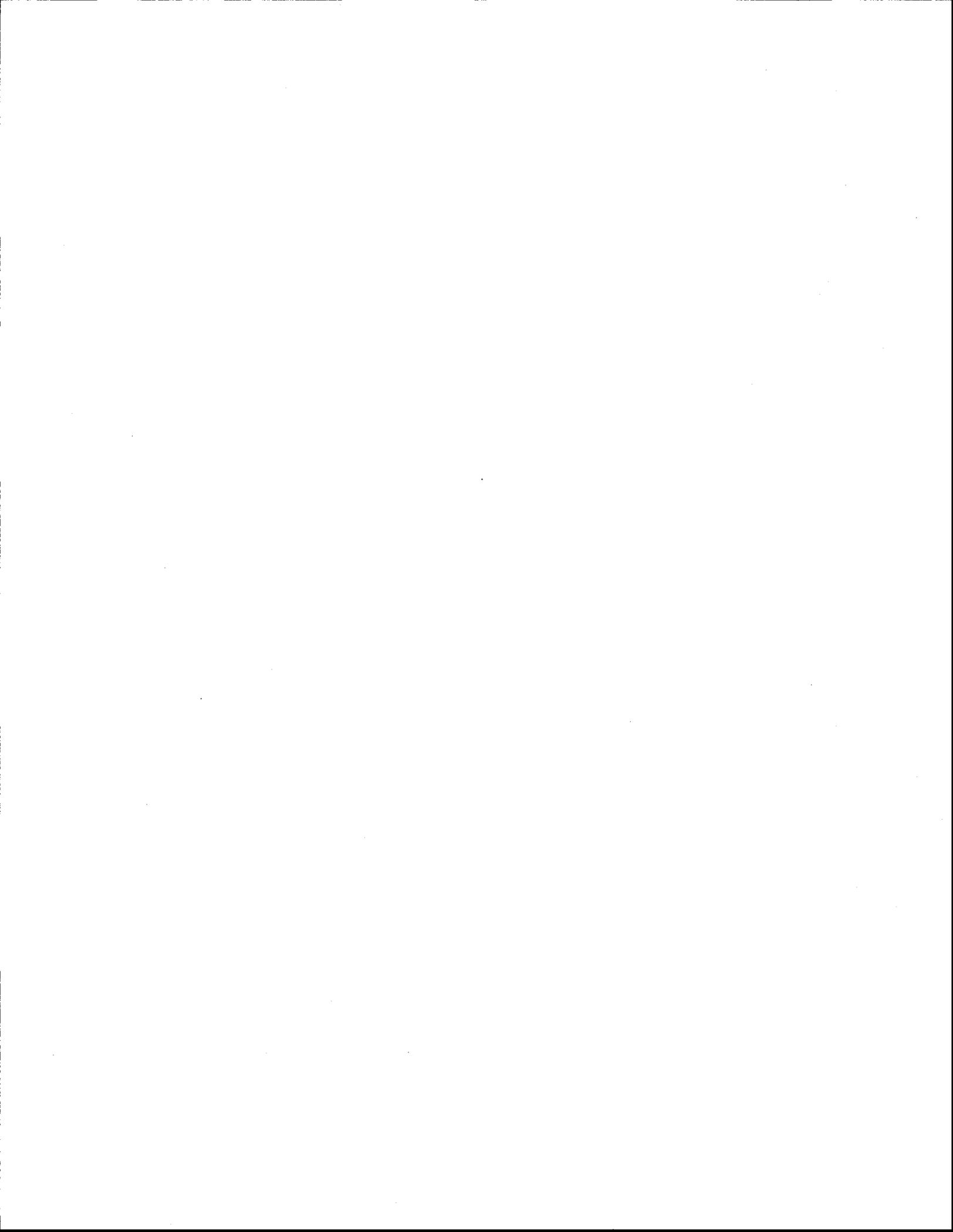
Clerk:

Debbie Puckett
(919) 733-5849



The Legislative Time Line of the North Carolina Cooperative Extension Service

- 1862 President Abraham Lincoln signs into law the first Morrill Act, "an act donating public lands to the several states and territories which may provide colleges for the benefit of agriculture and mechanic arts." With this signing, the Morrill Act, commonly referred to as the Land Grant Act, gives each state 30,000 acres of public land for each senator and representative according to the 1860 census. These lands are to be sold and the profits from those sales used in perpetual endowment for the support of colleges of agriculture and mechanic arts in each state. These institutions will provide members of the working classes with a liberal yet practical education. In North Carolina, the land-grant funds were originally used to support the University of North Carolina at Chapel Hill.
- 1877 Largely due to the efforts of University President Kemp P. Battle, the North Carolina Agricultural Experiment Station becomes only the second agricultural experiment station in the nation — a full 10 years before the federal government supports such a plan.
- 1887 The Hatch Act provides for the creation of agricultural experiment stations for scientific research at each of the institutions founded as a result of the Morrill Act. The Hatch Act furthers "...the policy of the Congress to promote the efficient production, marketing, distribution, and utilization of products of the farm as essential to the health and welfare of our peoples and to promote a sound and prosperous agriculture and rural life as indispensable to the maintenance of maximum employment and national prosperity and security. It is also the intent of Congress to assure agriculture a position in research equal to that of industry, which will aid in maintaining an equitable balance between agriculture and other segments of our economy."
- March 7, 1887* While North Carolina is a leader in establishing an agricultural experiment station, controversy surrounds the use of land-grant money in Chapel Hill. A group of Raleigh leaders and legislators combine their efforts and the funds provided by the Hatch Act to establish the North Carolina College of Agriculture and Mechanic Arts in Raleigh, now known as N.C. State University.
- 1890 The Second Morrill Act extends access to higher education by providing endowments for all land grants and by allowing for the creation of 17 new land-grant colleges, including North Carolina A&T State University in Greensboro, for African-American students.



Dr. Seaman A. Knapp sets up a demonstration program that will play a key role in extension work. His efforts in Texas aim at improving cultivation practices at a time when the boll weevil poses a serious threat.

1903-4

North Carolina's extension efforts begin with the appointment of James A. Butler as the state's first county agent.

1907

N.C. State officials sign a memorandum of understanding for cooperative demonstration work with the U.S. Department of Agriculture. The agreement provides for the college to support the development of Farmers' Boys' Clubs, or Corn Clubs, the forerunner of 4-H.

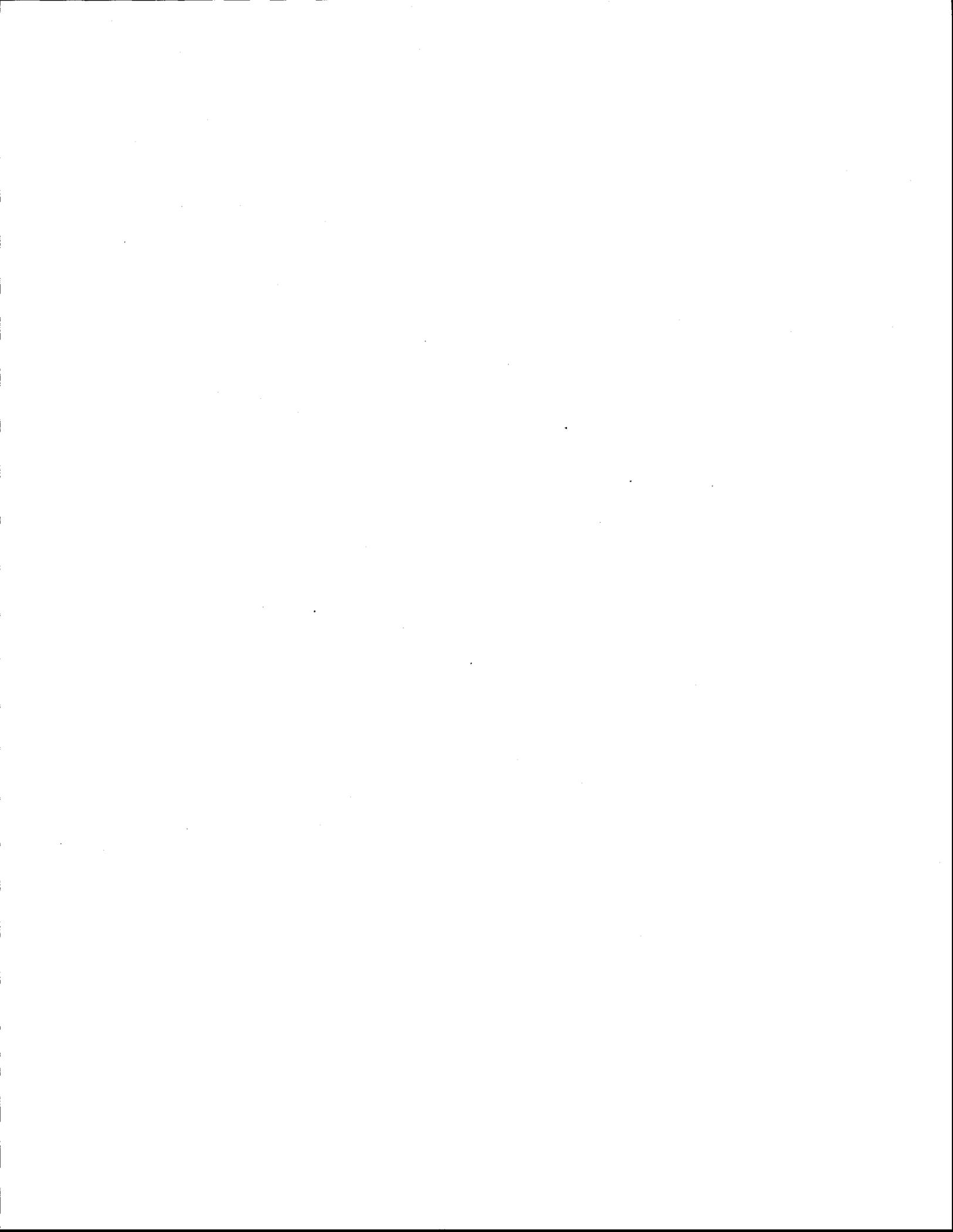
1909

The need for information dissemination grows. The Smith-Lever Act establishes Cooperative Extension in partnership with the U.S. Department of Agriculture and the land-grant universities "in order to aid in diffusing among the people of the United States useful and practical information on subjects relating to agriculture, home economics, and rural energy, and to encourage the application of the same . . ." The act also requires that federal funds be matched by local funds. Thus, the tripartite role of federal, state, and local governments is established.

1914

North Carolina's Extension Service officially begins when the memorandum of understanding with USDA, N.C. State College, and the state department of agriculture is signed. North Carolina has 66 farm demonstration agents and 32 home demonstration agents.

August 27, 1914



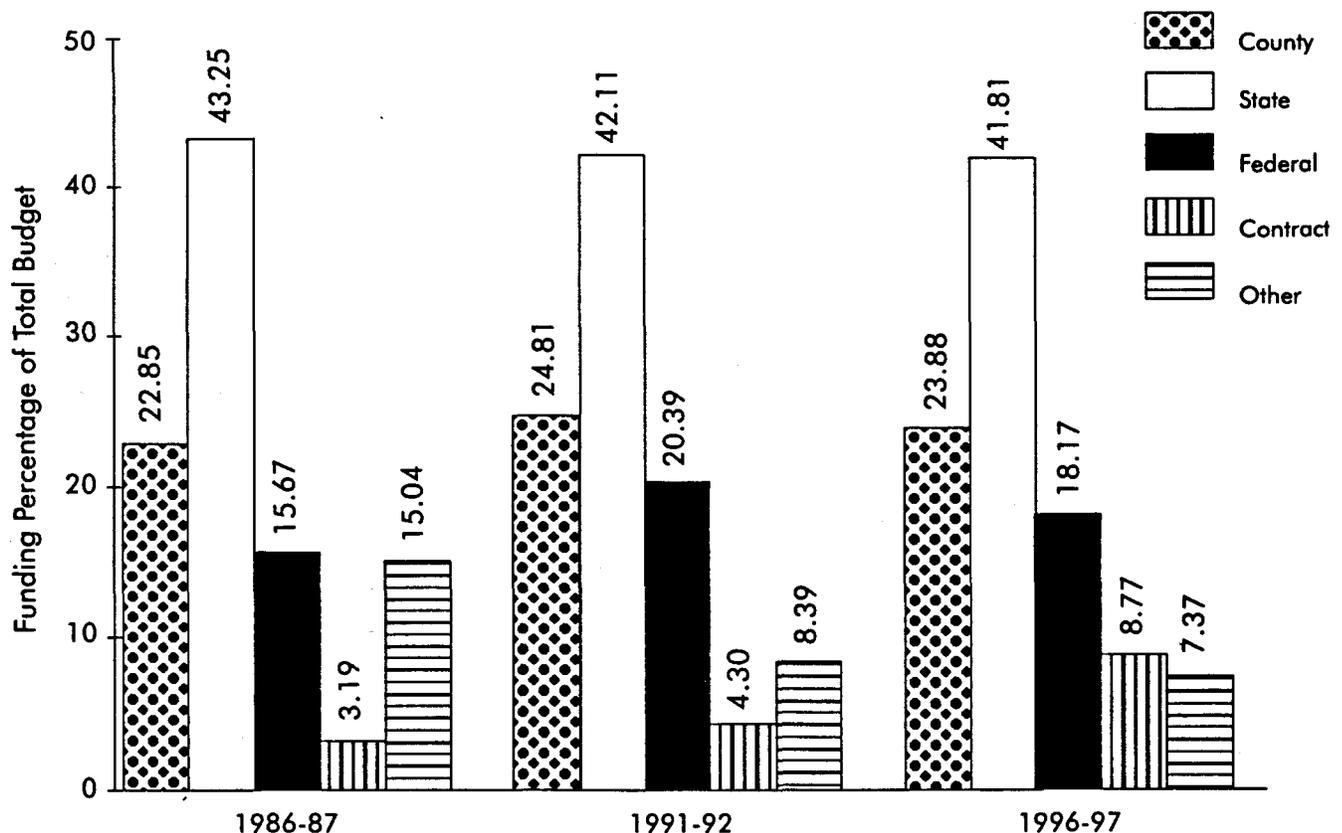
H A P T E R 5 *Managing Resources: Fiscal Information*

Extension's Funding Partners

Extension receives funding from each of its three partners — state, federal, and county governments — with state government providing the largest percentage of support. Additional support comes from contracts and grants, and other sources such as gifts, overhead receipts, and sales and services. While the percentage of support that Extension has received from federal and county governments has increased over the past 10 years, the percentage of funding from the State of North Carolina actually has declined. Ten years ago, Extension received 43.22 percent of its budget from the state, compared with 41.46 percent in the most recent budget year.

At the same time, Extension has come to rely more and more on competitive funding from contracts and grants. Ten years ago, contracts and grants accounted for only 3.26 percent of Extension's funding. Last year, that percentage had increased nearly threefold to over 9 percent.

Extension budget expenditures for fiscal years 1986-87, 1991-92, and 1996-97*



*Source: CALS Business Office

STATE APPROPRIATIONS

The state provides the Agricultural Programs Expansion Budget, which includes Extension, with general support funds and special funds. Some special funds are recurring and become part of the annual Continuation Budget for general support. For the 1996-97 fiscal year, the only new special funds amounted to \$450,000 for Neuse River Basin environmental programs.

Extension Q-and-A

Question: How have

Extension's resources shifted during the past 20 years?

Answer: During the last two decades, Extension's resources allocated to agriculture and natural resources nationally have increased by 11 percent, those to youth programs have decreased by 9 percent, while those to family and consumer education and rural economic development efforts have experienced slight decreases. Overall, Extension has experienced an 8 percent reduction in staff during this period.

State appropriations, FY 1996-97

Budget	Amount	Percentage
Continuation Budget	\$32,367,040	98.63
New Special Support Environmental Programs for Neuse River Basin	450,000	1.37
Total	\$32,817,040	100.00

Some examples of recurring special funds are listed below, along with the year in which they were originally appropriated. At present, these funds are included in the state's Continuation Budget each year.

Recurring programs funded in the Continuation Budget

Year funding began	Amount	Item
1995-96	\$210,000	Animal Waste Management and Utilization
1994-95	70,000	Small Horticultural Crops Faculty
"	60,000	Soil Science Faculty
"	72,482	Support for Meat Goat Industry
"	70,000	Mountain Conifer Area Specialist
1993-94	52,920	Mountain Trout Aquaculture
"	100,000	Seafood Lab—Extension Specialist
"	174,652	V.J. James Center Faculty and Staff
"	64,000	Conifer Tree-Pest Management Specialist

REDUCTIONS IN STATE CONTINUATION BUDGET FOR 1991-95

Extension's state Continuation Budget provides money for operations and personnel. Extension depends on the level of this budget remaining consistent to maintain a consistent level of services for citizens and viable relations with other funding partners. From Fiscal Year 1990-91 to FY 1994-95, Extension's Continuation Budget was reduced by \$4.2 million, resulting in a net loss of 58.8 full-time equivalent EPA (Exempt from State Personnel Act) positions and 19.4 full-time equivalent SPA (Subject to State Personnel Act) positions. These positions were abolished and not funded through other sources. Since FY 1994-95, Extension has seen limited increases or no increases each year in funding for the Continuation Budget.

Fiscal Years	Amount Reduced from Continuation Budget	Reduced FTEs/ EPA Positions	Reduced FTEs/ SPA Positions
1991-95	\$4,208,541	58.8	19.4

STATE REVERSIONS

The 1991 General Assembly enacted the University of North Carolina Fiscal Accounting/Flexibility Act that allows state universities to have greater control in managing their budgets. As part of this program, the universities are required to revert a designated percentage of their budgets back to the state's General Fund each fiscal year. The amounts and percentages reverted by Extension to the state for the past five fiscal years are indicated below:

Fiscal year	Amount of reversion	Percentage reverted
1992-93	\$844,417	2.99 percent
1993-94	824,069	2.59
1994-95	749,260	2.40
1995-96	638,009	2.00
1996-97	668,370	2.00

Per Capita Cost of Cooperative Extension in North Carolina

North Carolina population:

7.3 million people

State dollars: \$32,817,040

Annual cost in state dollars to each North Carolina citizen: \$4.56 per person

Federal dollars: \$14,263,527

Annual cost in federal dollars to each North Carolina citizen: \$1.98 per person

PURCHASING POWER

Purchasing power indicates how much could be purchased today if budget amounts from the past were adjusted for inflation and other economic factors. In comparing the purchasing power of last year's state appropriations (\$32.8 million) to that from a decade ago (\$32 million), it is clear that Extension's purchasing power today is only slightly above the level of that in 1986-87.

Comparison of state appropriations related to buying power at five-year intervals

Funding year	Actual funding	Funding in 1997 dollars
FY 1996 -97	\$32,817,039	\$32,817,039
FY 1991-92	\$26,861,805	\$30,936,741
FY 1986-87	\$22,492,715	\$31,991,389

NOTE: The amounts in column 2 are actual expenditures for the periods indicated. By multiplying them by factors including inflation, purchasing power in 1997 dollars is shown. The Extension Service actually spent more in FY 1986-87, in purchasing power terms, than in the other three periods.

1996-97 Extension Budget, by line item*

Description	Amount	Description	Amount
EPA non-teaching salaries	\$25,589,664	Other current services	\$366,331
SPA employee salaries	6,734,325	Rental of real property	14,990
Temporary wages	433,857	Rental of EDP property	349
Special personnel payments	10,388	Rental of other equipment	574,836
Staff benefits	7,544,679	Maintenance contracts	20,440
Contracted services	73,940	Insurance and bonding	23,854
Supplies	4,693	Other fixed charges	60,057
Educational supplies	359,911	Office equipment	107,687
Repair supplies	9,007	EDP equipment	617,768
Motor vehicle supplies	54,320	Educational equipment	221,657
Office supplies	254,510	Motor vehicles	169,692
Other supplies	50,168	Other equipment	19,583
Travel	1,983,719	Other structures	1,669
Communication	1,166,783	Inter-entity transfer-out	10,199
Utilities	54,496	Reserves	668,370
Printing and binding	492,693	Other intra-transfers	582
Repairs and maintenance	93,538	Total	\$47,846,687
Freight and express	12,927	Less reversion to state	668,370
Advertising	8,489		
Data processing	36,514		\$47,178,317

*Includes state and federal appropriations and miscellaneous receipts

PERSONNEL COSTS VS. OPERATING COSTS

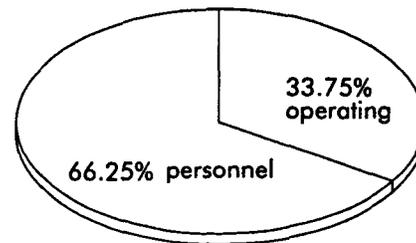
Last year, 94 percent of the money the state allocated to Extension was used to pay the cost of personnel salaries and benefits, leaving less than 6 percent of that allocation for operations. This reflects a trend in which the operations budget has received less and less of the state appropriations budget. In federal dollars, money for salaries equals 66.25 percent of the budget, leaving 33.75 percent for operations.

Percentage of budget allocated for personnel and operating expenditures

Personnel and operating expenditures, FY 1996-97

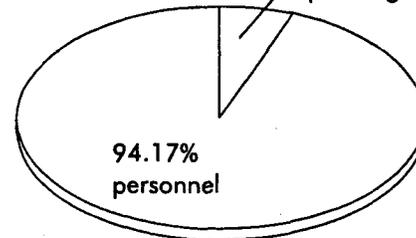
FEDERAL:	Amount
Personnel	\$9,449,176
Operating	4,814,351
Total	\$14,263,527

Federal:



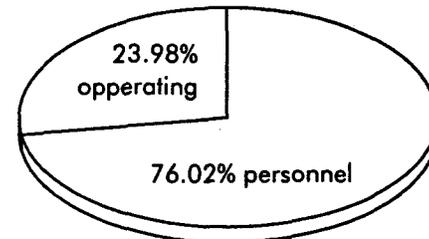
STATE:	Amount
Personnel	\$30,904,924
Operating	1,912,116
Total	\$32,817,040

State:



COUNTY:	Amount
Personnel	\$14,249,179
Operating	4,494,381
Total	\$18,743,560

County:



OTHER:	Amount
Personnel	\$32,755
Operating	64,995
Total	\$97,750

For fiscal year 1996-97, Extension expended 6 percent of its state-appropriated funds and 33.75 percent of its federal appropriations on operating costs. The following table shows the breakdown of operating fund expenditures, 1996-97, for county operations by source.

Operating support for county operations, 1996-97

Source	Amount
County	\$4,494,380
State/Federal	\$2,489,917
Total	\$6,984,297

FEDERAL FUNDING

Just as state funding for Extension is appropriated as both general support and special or targeted support, federal funding through the Smith-Lever Act (See Glossary, p. A1.1.) is divided into regular and targeted funds, with these funds going to specific issue-driven programs. The following table shows regular support from Smith-Lever funds, as well as a breakdown of programs receiving targeted funds last year.

Federal appropriations — regular and targeted Smith-Lever funds, FY 1996-97

	Amount	Percentage
Federal:		
Smith-Lever	\$9,737,512	68.27
Targeted:		
Rural Development	66,615	0.47
4-H Urban	239,734	1.68
4-H Rural	107,714	0.76
Farm Safety	17,127	0.12
Cotton Pest Mgmt.	41,922	0.29
1862 Part-time Farmers	36,733	0.26
Pesticide Impact Assess.	229	—
Integrated Pest Mgmt.	206,523	1.45
Water Quality	38,810	0.27
Renewable Resource	131,835	0.92
Food Safety and Quality	30,140	0.21
Nutrition Education	371	—
Pesticide Application Training	45,220	0.32
Sustainable Agriculture	910	—
Federal Retirement	1,233,049	8.65
Penalty Mail	132,257	0.93
Expanded Food and Nutrition	2,196,826	15.40
Total	\$14,263,527	100.00

FEDERAL CARRY-OVER FUNDS

Unlike many sources of federal funding, Smith-Lever funds can be carried over from one fiscal year to the next. This allows Extension to meet special needs; however, there are limitations on this funding that do not apply to state funding. For the fiscal year ending in September 1997, Extension decided to allocate these funds through a competitive process. Carry-over funds were distributed as indicated, with some items still pending.

Uses of federal carry-over funds for fiscal year 1997-98

Items to be funded	Amount
Program enhancements and equipment.....	\$733,300
Animal Science horse facility	50,000
Ag and Extension Education stipends	12,000
Sustainable agriculture funding	20,000
4-H: computer technical support (4-H camps)	14,325
Horticultural Crops: Vernon James Center	20,000
Horticultural Crops: ag weather program	18,000
Horticultural Crops: special crops (Cunningham Farm)	159,031
Plant Pathology: blue mold weather position	32,000
Soil Science: Lake Wheeler center program	59,261
Extension personnel enhancement	22,000
State Major Program funds	100,000
Ag Communications: video equipment for new building	500,000
Ag and Resource Economics: program enhancement	40,000
District directors' travel	24,000
Salary increases (to match state increases)	289,653
Subtotal	<u>\$2,093,570</u>

Other items (pending)

County Operations support	\$ 500,000
SPA position for processing grant/contract proposals	31,430
Family and Consumer Sciences, Ag and Extension Education, and 4-H department proposals	25,000
Transfer SPA positions to budget code funding from Ag Foundation	<u>150,000</u>
Subtotal	\$706,430
Total	\$2,800,000

OVERHEAD FUNDING

Most grants and contracts awarded to Extension and other university departments include some funding for overhead, defined as the cost of buildings, maintenance, and utilities for facilities where the grant or contract activities are carried out. Those overhead funds currently are distributed in the following manner:

Overhead funding related to grants and contracts

State General Fund	10 percent
UNC-General Administration	5 percent
N.C. State University Administration	43 percent
N.C. State colleges/departments	42 percent

The figures below show the total amount of overhead generated by Extension grants and contracts and the amount that Extension received over the past five fiscal years.

Fiscal year	Overhead generated	Amount received by Extension
1996-97	\$374,905	\$119,575
1995-96	184,505	55,487
1994-95	157,182	43,417
1993-94	160,555	41,273
1992-93	133,526	24,090

BASE APPROPRIATIONS LEVERAGE ADDITIONAL RESOURCES

Appropriated funds from federal, state, and county partners provide the base of personnel and program support for the Cooperative Extension Service. This core support enables Extension to acquire additional resources to expand the quality and quantity of services to citizens. The "cooperative" nature of Extension and the emphasis on collaborative problem solving has placed Extension in the valuable role of educational services provider. For agencies with distinct roles in licensing and regulation, collaboration with Extension's educational delivery system is the most cost-efficient means of achieving public good.

The following chart reflects the amount of external funds (contracts, grants, gifts, donations, and fees for services) leveraged in a typical year, 1996-97. The receipt of these external funds at the state and county levels is a reflection of Extension's program excellence, cost efficiency, and public support for Extension.

State Major Programs: external funding received 1996-1997

Program Name	Campus	County	Total
1. Aging with Gusto	\$9,000	\$21,640	\$30,640
2. Agriculture & Natural Resources Policy	\$658,521	\$13,835	\$672,356
3. Agriculture & the Environment	\$2,310,578	\$223,572	\$2,534,150
4. Animal Production & Marketing Systems	\$795,469	\$212,597	\$1,008,066
5. Child Care Education & Training	\$1,964,350	\$1,709,425	\$3,673,775
6. Community & Economic Development	\$137,000	\$228,684	\$365,684
7. Crop Production & Marketing Systems	\$1,819,849	\$216,233	\$2,036,082
8. Family & Consumer Education	\$21,000	\$62,621	\$83,621
9. Family & Parent Education	\$17,000	\$405,438	\$422,438
10. Food & Forest Products Manufacturing	\$114,857	\$50,010	\$164,867
11. Food Safety & Quality	\$108,325	\$16,533	\$124,858
12. Health & Human Safety Initiatives	\$971,663	\$95,039	\$1,066,702
13. Leadership & Volunteer Development	\$43,335	\$482,583	\$525,918
14. Marketing & Production of Alternative Agriculture Opportunities & Enterprises	\$30,550	\$26,339	\$56,889
15. Natural Resource Conservation & Management	\$357,432	\$160,906	\$518,338
16. Nutrition & Wellness	\$3,516,000	\$477,881	\$3,993,881
17. Residential & Community Horticulture, Turf, Forestry, & Pest Management	\$212,516	\$75,632	\$288,148
18. Residential & Community Water & Waste Management	\$893,938	\$268,622	\$1,162,560
19. Resilient Youth, Families, & Communities	\$333,300	\$2,213,082	\$2,546,382
20. Youth Development	\$746,293	\$1,157,477	\$1,903,770
TOTALS	\$15,060,976	\$8,118,149	\$22,813,441

Youth & Volunteer Development External Funding (SMPs 5,19,20)

Campus	County	Total
\$3,043,943	\$5,079,984	\$8,123,927

Family & Consumer Education External Funding (SMPs 1,8,9,11,12,16)

Campus	County	Total
\$4,642,988	\$1,079,152	\$5,722,140

Agriculture Promotion & Marketing Policy External Funding (SMPs 2,4,7,10,14)

Campus	County	Total
\$3,419,246	\$519,014	\$3,938,260

Agriculture & Environment External Funding (SMPs 3,15,17,18)

Campus	County	Total
\$3,774,464	\$728,732	\$4,503,196

Community Leadership & Economic Development External Funding (SMPs 6,13)

Campus	County	Total
\$180,335	\$711,267	\$891,602

EXTERNAL FUNDS CREATE JOBS TO EXTEND SERVICES

Appropriated funds provide an infrastructure through which additional educational program outreach efforts can be conducted in a cost-effective manner. While the number of full- and part-time positions supported by appropriated funds from state, federal and county partners number about 1,370 statewide, an additional 110 full-time equivalents are provided through external funding to meet priority programming needs.